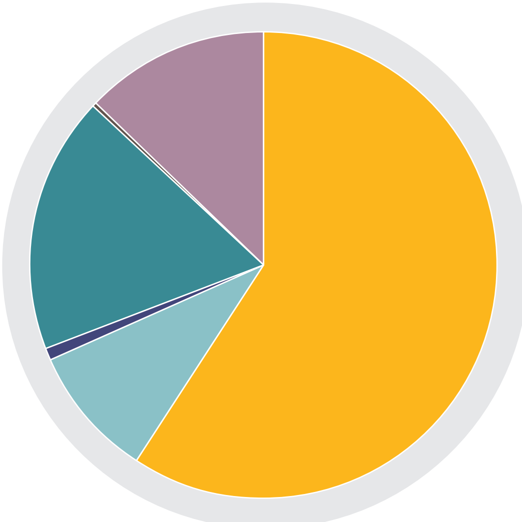
CORPORATE STATISTICS

System Data 2012

Transmission system line miles:	5,047
Miles of distribution lines:	2,782
Number of transmission stations in operation on system:	103
Number of distribution substations:	51
Number of CEPCI Delivery Points (DPs): (this total includes DPs for the 5 Upstate cooperatives served through Duke Energy system)	486

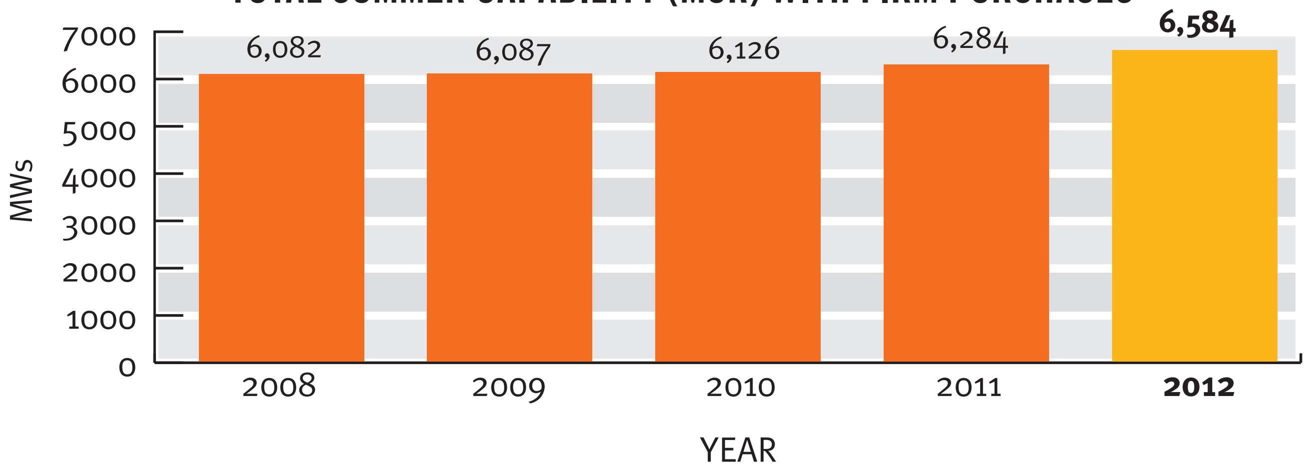
	2012	2011	2010	2009	2008
FINANCIAL (Thousands):					
Total Revenues & Income	**$1,897,135**	$1,923,828	$1,895,194	$1,702,513	$1,603,653
Total Expenses & Interest Charges	**$1,801,813**	$1,778,892	$1,753,711	$1,616,943	$1,484,446
Other	**$9,155**	$5,987	($26,468)	$3,883	($22,048)
Reinvested Earnings	**$104,477**	$150,923	$115,015	$89,453	$97,159
OTHER FINANCIAL (excluding commercial paper):					
Debt Service Coverage	**1.44**	1.61	1.58	1.45	1.67
Debt / Equity Ratio	**73/27**	73/27	74/26	73/27	72/28
STATISTICAL:					
Number of Customers (at Year-End)					
Retail Customers	**166,809**	164,647	163,601	162,981	162,657
Military and Large Industrial	**29**	29	30	30	31
Wholesale	**4**	4	4	4	4
	-------------	--------	---------	--------	--------
Total Customers	**166,842**	164,680	163,635	163,015	162,692
Generation (GWh):					
Coal	**15,888**	20,048	21,889	20,869	21,189
Nuclear	**2,421**	2,469	2,828	2,282	2,385
Hydro	**271**	274	450	449	212
Natural Gas	**4,714**	3,819	2,906	2,173	1,188
Oil	**(4)**	(2)	12	20	5
Landfill Gas & Renewables	**103**	115	108	91	77
	-------------	---------	---------	---------	---------
Total Generation (GWh)	**23,393**	26,723	28,193	25,884	25,056
Purchases, Net Interchanges, etc. (GWh)	**4,099**	1,546	940	790	2,463
Wheeling, Interdepartmental, and Losses	**(736)**	(717)	(951)	(861)	(832)
	------------	---------	---------	---------	---------
Total Energy Sales (GWh)	**26,756**	27,552	28,182	25,813	26,687
Summer Maximum Continuous Rating (MCR) Generating Capability (MW)	**5,665**	5,665	5,662	5,661	5,656
Territorial Peak Demand (MW)	**5,387**	5,676	5,743	5,590	5,650

2012 GENERATION BY FUEL MIX

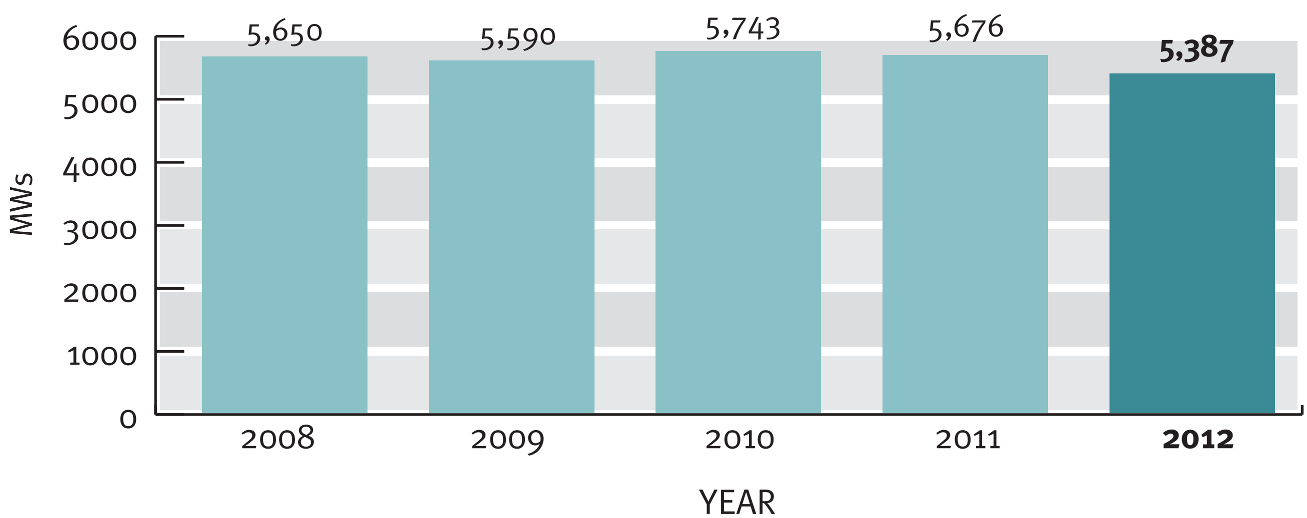


Source		GWh
Coal	59.38%	15,888
Nuclear	9.05%	2,421
Oil	-0.01%	(4)
Hydro	1.01%	271
Natural Gas	17.62%	4,714
Other Renewables	0.38%	103
Purchases (net), Wheeling, etc.	12.57%	3,363
Total Sales	100.00%	26,756

TOTAL SUMMER CAPABILITY (MCR) WITH FIRM PURCHASES



PEAK DEMAND



AUDIT COMMITTEE CHAIRMAN'S LETTER

The Audit Committee of the Board of Directors is comprised of independent directors Cecil E. Viverette, Chairman, Kristofer Clark, William A. Finn, Peggy H. Pinnell and James R. Sanders Jr.

The committee receives regular reports from members of management and Internal Audit regarding their activities and responsibilities.

The Audit Committee oversees Santee Cooper's financial reporting, internal controls and audit process on behalf of the board of directors.

Periodic financial statements and reports pertaining to operations and representations were received from management and the internal auditors. In fulfilling its responsibilities, the committee also reviewed the overall scope and specific plans for the respective audits by the internal auditors and the independent public accountants. The committee discussed the company's financial statements and the adequacy of its system of internal controls. The committee met with the independent public accountants and with the General Auditor to discuss the results of the audit, the evaluation of Santee Cooper's internal controls, and the overall quality of Santee Cooper's financial reporting.

Cecil E. Viverette
Chairman
2012 Audit Committee

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF FINANCIAL STATEMENTS

As management of the South Carolina Public Service Authority (the Authority), we offer this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2012, 2011 and 2010. This discussion is designed to provide any interested parties with a general overview of the financial position and results of operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Vice President and Controller, South Carolina Public Service Authority, PO Box 2946101, Moncks Corner, SC 29461-2901, or call 843-761-8000. We encourage you to read this information in conjunction with additional information furnished in the Authority's audited financial statements that follow this narrative.

During 2012, the Authority implemented GASB 63 which provides guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in statements of financial position. As a result, statements previously presented as "Combined Balance Sheets" are now the "Combined Statements of Net Position". As required by GASB 63, the statements have sections for assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. The "Net Position" section of the statement was previously the "Net Asset" section on the Combined Balance Sheets. The statements previously presented as "Combined Statements of Revenue, Expenses and Changes in Net Assets" are now the "Combined Statements of Revenues, Expenses and Changes in Net Position". On these statements, "Changes in net assets," "Total net assets-beginning" and "Total net assets-ending" now refer to net position instead of net assets. For comparability purposes, years 2011 and 2010 have been reclassified in this format.

Combined Statements of Net Position

This statement reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Assets and liabilities are presented to distinguish between current and noncurrent.

Combined Statements of Revenues, Expenses and Changes in Net Position

This statement provides the operating results of the Authority broken into the various categories of operating revenues and expenses, non-operating revenues and expenses, as well as capital contributions and transfers.

Combined Statements of Cash Flows

Sources and uses of cash are classified using the direct method resulting from operating, non-capital financing, capital financing or investing activities.

Notes to the Financial Statements

The notes are used to explain some of the information in the financial statements and provide more detailed data.

FINANCIAL CONDITION OVERVIEW

During 2012, the Board authorized the retirement of six generating units at Grainger and Jefferies Generating Stations. December 31, 2012 was the permanent retirement date for the four coal-fired generating units: Grainger Units 1 and 2 and Jefferies Units 3 and 4. The impact of these retirements is reflected in the following financial statements.

The Authority's Combined Statements of Net Position as of December 31, 2012, 2011 and 2010 are summarized as follows:

	2012	2011 (1)	2010 (2)
		(Thousands)	
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
Utility plant - net	**$ 5,947,918**	$ 5,092,749	$ 4,873,428
Current assets	**1,692,436**	1,702,643	1,547,742
Other noncurrent assets	**1,949,215**	1,588,224	1,682,221
Deferred outflows of resources	**172,963**	225,037	189,901
Total Assets & Deferred Outflows of Resources	**$ 9,762,532**	$ 8,608,653	$ 8,293,292
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
Long-term debt - net	**$ 5,413,319**	$ 5,161,034	$ 4,919,162
Current liabilities	**1,063,398**	891,659	968,379
Other noncurrent liabilities	**1,056,933**	428,565	430,158
Deferred inflows of resources	**254,299**	237,664	218,129
Total Liabilities & Deferred Inflows of Resources	**$ 7,787,949**	$ 6,718,922	$ 6,535,828
NET POSITION			
Net invested in capital assets	**$ 894,920**	$ 808,092	$ 928,568
Restricted for debt service	**140,038**	128,338	126,512
Restricted for other	**0**	19,447	0
Unrestricted	**939,625**	933,854	702,384
Total Net Position	**$ 1,974,583**	$ 1,889,731	$ 1,757,464
Total Liabilities, Deferred Inflows of Resources & Net Position	**$ 9,762,532**	$ 8,608,653	$ 8,293,292

(1) Details of reclassification for 2011 are included in NOTE 1-C Reclassifications.
(2) For comparability purposes, 2010 was reclassified for Management's Discussion and Analysis only.

2012 Compared to 2011

ASSETS & DEFERRED OUTFLOWS OF RESOURCES

- Net plant increased by $855.2 million. In 2012, additions minus retirements to utility plant and other physical property were $20.0 million. The capital additions at several generating facilities, along with transmission construction were offset by retirement of the Grainger Units 1 and 2 and Jefferies Units 3 and 4. Grainger retirements totaled $35.7 million, representing approximately 75 percent of that plant's assets. Jefferies retirements totaled $63.1 million, representing approximately 83 percent of that plant's (steam) assets.

  Long lived-assets retirement cost (ARC) increased by $474.3 million. Accumulated depreciation increased by $51.8 million.

  Construction work in progress showed a net increase of approximately $412.7 million, which resulted primarily from additions of $419.5 million for V.C. Summer Units 2 and 3. The remaining net decrease of $6.8 million resulted from other additions and assets placed in service.

- Current assets decreased $10.2 million due to reductions in Unrestricted and Restricted investments, Receivables, Fossil fuel inventories and Interest receivable. These were partially offset by increases in Unrestricted and Restricted cash and cash equivalents, Materials and Nuclear fuel inventories and Prepaid expenses and other current assets.

- Other noncurrent assets increased $361.0 million due to growth in Restricted cash and cash equivalents, Unrestricted and Restricted investments, Costs to be recovered from future revenues (CTBR), Asset retirement obligation and Other noncurrent assets. These increases were slightly offset by decreases in Unrestricted cash and cash equivalents, Investment in associated companies and Unamortized debt expense.

- Deferred outflows of resources decreased by $52.1 million due to decreases in Accumulated decrease in fair value of hedging derivatives and Unamortized loss on refunded and defeased debt.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

- Net long-term debt increased $252.3 million due to increases in Long-term debt and Unamortized debt discounts and premiums.

- Current liabilities increased $171.7 million due to increases in Current portion of long-term debt and Commercial paper. These were slightly offset by decreases in Accrued interest on long-term debt, Accounts payable and Other current liabilities.

- Other noncurrent liabilities increased $628.4 million due primarily to an increase in the Asset retirement obligation liability, which was slightly offset by Construction fund liabilities and Other credits and noncurrent liabilities.

- Deferred inflows of resources increased $16.6 million due to increases in Accumulated increase in fair value of hedging derivatives, Nuclear decommissioning costs, Unamortized gain on defeased debt and Unfunded pension and other post employment benefit costs.

- Net position increased by $84.9 million due to increases in Net investment in capital assets, Restricted for debt service and Unrestricted, partially offset by a decrease in Restricted for other.

2011 Compared to 2010

ASSETS & DEFERRED OUTFLOWS OF RESOURCES

- Net plant increased by $219.3 million. Additions minus retirements to utility plant and other physical property were $109.9 million in 2011. The capital additions at several generating facilities, along with transmission construction accounted for a majority of the increase. Accumulated depreciation increased by $183.1 million. Construction work in progress showed a net increase of approximately $292.5 million, which resulted primarily from additions of $241.0 million related to V.C. Summer Units 2 and 3. The majority of the remaining net capital additions of $51.5 million was related to transmission plant.

- Current assets increased $154.9 million due primarily to increases in Unrestricted and Restricted investments, Receivables, Materials and Fuel inventories and Prepaid expenses and other current assets. These were offset by decreases in Unrestricted and Restricted cash and cash equivalents and Interest receivable.

- Other noncurrent assets decreased $94.0 million due primarily to decreases in Restricted cash and cash equivalents, Investment in associated companies and Unamortized debt expense. Decreases were offset by increases in Unrestricted cash and cash equivalents, Unrestricted and Restricted investments, CTBR, Asset retirement obligation and Other noncurrent assets.

- Deferred outflows of resources increased by $35.1 million due to increases in Accumulated decrease in fair value of hedging derivatives and Unamortized loss on refunded and defeased debt.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

- Net long-term debt increased $241.9 million due to increases in Long-term debt and Unamortized debt discounts and premiums.
- Current liabilities decreased $76.7 million due to decreases in Current portion of long-term debt and Accounts payable, offset by increases in Accrued interest on long-term debt, Commercial paper and Other current liabilities.
- Other noncurrent liabilities decreased $1.6 million due primarily to decreases in the Construction fund liabilities and Other credits and noncurrent liabilities, offset by an increase in the Asset retirement obligation liability.
- Deferred inflows of resources increased $19.5 million due to increases in Nuclear decommissioning costs and Unfunded pension and other post employment benefit costs, offset by a decrease in Accumulated increase in fair value of hedging derivatives.
- Net position increased by $132.3 million due to increases in Restricted for debt service, Restricted for other, and Unrestricted, partially offset by a decrease in Net investment in capital assets.

RESULTS OF OPERATIONS

The Authority's Combined Statements of Revenues, Expenses and Changes in Net Position for years ended December 31, 2012, 2011 and 2010 are summarized as follows:

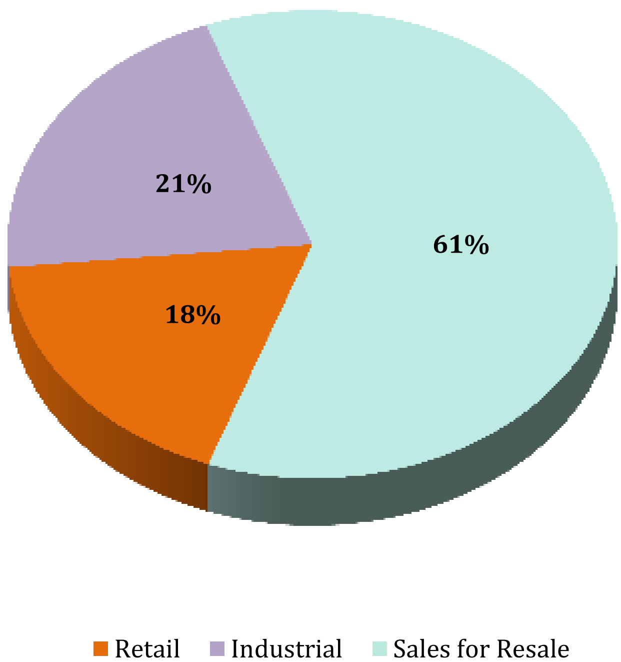
	2012	2011	2010
	(Thousands)		
Operating revenues	**$ 1,887,797**	$ 1,914,689	$ 1,894,902
Operating expenses	**1,571,480**	1,556,162	1,509,003
Operating income	**316,317**	358,527	385,899
Interest charges	**(230,333)**	(222,730)	(244,708)
Costs to be recovered from future revenue	**9,155**	5,987	(26,468)
Other income	**9,338**	9,139	292
Capital contributions & transfers	**(19,625)**	(18,656)	(18,514)
Change in net position	**$ 84,852**	$ 132,267	$ 96,501
Ending net position	**$ 1,974,583**	$ 1,889,731	$ 1,757,464

2012 Compared to 2011

OPERATING REVENUES

Compared to 2011, Operating revenues decreased $26.9 million or 1 percent. This was due primarily to lower demand revenues and a 3 percent reduction in kWh sales.

**2012 Revenues from Sales of Electricity*
by Customer Class**



	2012	2011	2010
Revenues from Sales of Electricity*		(Thousands)	
Retail	**$ 334,399**	$ 349,618	$ 355,992
Industrial	**389,742**	415,309	376,247
Sales for Resale	**1,144,224**	1,129,444	1,142,582
Totals	**$ 1,868,365**	$ 1,894,371	$ 1,874,821

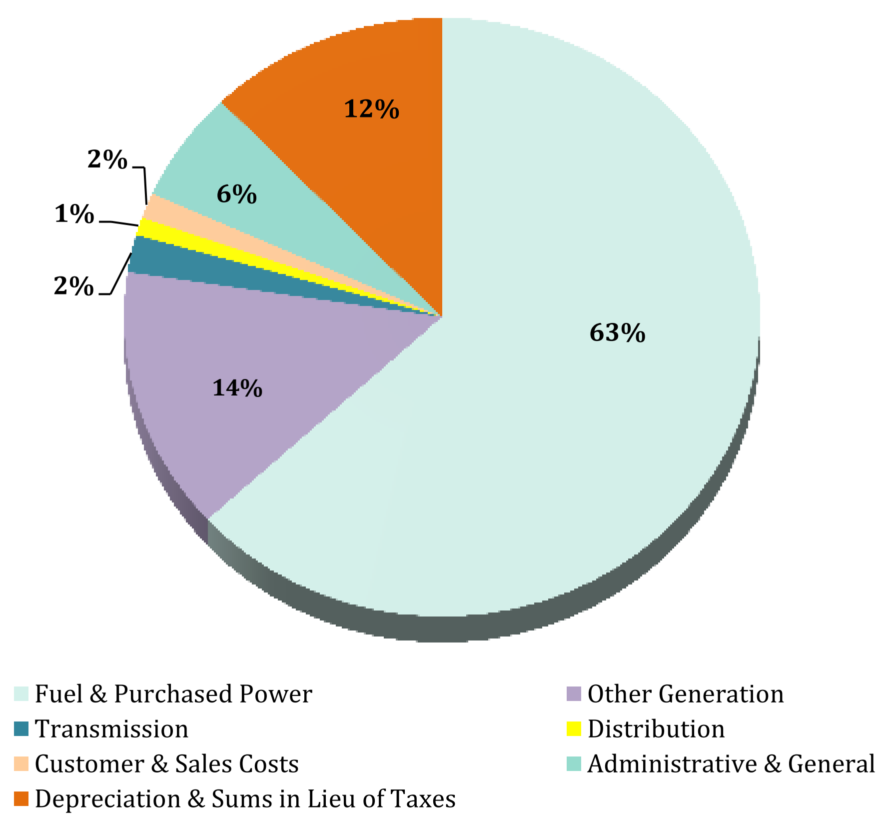
*Excludes interdepartmental sales of $444 for 2012, $475 for 2011 and $443 for 2010.

Energy sales for 2012 totaled 26.8 million megawatts compared to approximately 27.6 million for 2011 with decreases in all categories except for the industrial category.

OPERATING EXPENSES

Operating expenses for 2012 reflected a net increase of $15.3 million or 1 percent compared to 2011. Fuel and Purchased Power expenses accounted for approximately 63 percent of the current year's electric operating expenses and decreased approximately 1 percent compared to last year. The Authority manages fuel costs with a combination of long-term and short-term contracts, a fuel related risk hedging program and the blend of a variety of fuels (natural gas, oil, nuclear and coal). Compared to 2011, fuel and purchased power expense was $12.9 million lower due to reduced kWh sales and a shift in generation mix to nuclear and natural gas. Other generation operating and maintenance costs increased by approximately $15.0 million. The increase resulted primarily from station outages and the write-off of material inventory associated with the closure of Grainger Units 1 and 2 and Jefferies Units 3 and 4.

2012 Electric Operating Expenses by Category



	2012	2011	2010
Electric Operating Expenses		(Thousands)	
Fuel & Purchased Power	**$ 990,434**	$ 1,003,377	$ 968,464
Other Generation	**222,714**	207,737	193,783
Transmission	**31,612**	30,989	29,370
Distribution	**15,285**	14,832	14,527
Customer & Sales Costs	**21,463**	20,176	21,177
Administrative & General	**94,451**	86,327	88,668
Depreciation & Sums in Lieu of Taxes	**191,469**	188,802	189,319
Totals	**$ 1,567,428**	$ 1,552,240	$ 1,505,308

NET BELOW-THE-LINE ITEMS

- Interest charges for 2012 were $7.6 million or 3 percent higher than 2011 primarily resulting from the impact of the 2011 and 2012 bond activity.
- CTBR decreased expenses by $3.2 million when compared to last year primarily due to the removal of Grainger Units 1 and 2 and Jefferies Units 3 and 4 from the CTBR regulatory asset.
- Other income increased $199,000 mainly due to income from the sale of coal cars, offset by lower interest income.
- Capital contributions & transfers primarily represent the dollars paid by the Authority to the State. There was an increase of $969,000 which resulted from higher projected revenues from the prior year.

2011 Compared to 2010

OPERATING REVENUES

Operating revenues for 2011 increased $19.8 million or 1 percent over the prior year. This was due primarily to higher energy and demand revenues which were partially offset by a 2 percent reduction in kWh sales. Energy sales for 2011 totaled 27.6 million megawatts compared to approximately 28.2 million for 2010. Decreases were seen across all categories except for the industrial category.

OPERATING EXPENSES

Operating expenses for 2011 reflected a net increase of $47.2 million or 3 percent compared to 2010. Fuel and Purchased Power expenses accounted for approximately 65 percent of the 2011 electric operating expenses and increased approximately 4 percent over 2010. The Authority manages fuel costs with a combination of long-term and short-term contracts, a fuel related risk hedging program and the blend of a variety of fuels (natural gas, oil, nuclear and coal). Compared to 2010, fuel and purchased power expense was $34.9 million higher due to increase in coal purchase prices, fuel transportation costs and station outages. Other generation operating and maintenance costs increased by approximately $14.0 million and related mainly to station outages.

NET BELOW-THE-LINE ITEMS

- Interest charges for 2011 were $22.0 million or 9 percent lower than 2010 primarily resulting from the reclassification of nuclear construction interest for 2011.
- CTBR decreased expenses by $32.5 million when compared to last year primarily due to completion of a long-term amortization in 2010 and revised debt service schedules.
- Other income increased $8.8 million mainly from interest subsidy accruals on Build America Bonds (BABs) issued in December 2010.
- Capital contributions & transfers represent the dollars paid by the Authority to the State. There was an increase of $142,000 which resulted from higher projected revenues from the prior year.

CAPITAL IMPROVEMENT PROGRAM

The purpose of the capital improvement program is to continue to meet the energy and water needs of the Authority's customers with economical and reliable service. The Authority's capital improvement program budgeted for years 2013 through 2015 in the amount of $2.6 billion is expected to be expended as follows:

	2012	2011	2010
	Budget 2013-15	Budget 2012-14	Budget 2011-13
Capital Improvement Expenditures	(Thousands)		
Environmental Compliance	**$ 165,300**	$ 71,600	$ 54,000
General Improvements to the System	**666,700**	627,100	586,000
Pee Dee Unit 1	**0**	0	14,000
V.C. Summer Units 2 and 3	**1,783,100**	1,844,600	1,654,000
Totals	**$ 2,615,100**	$ 2,543,300	$ 2,308,000

As determined by the Authority, the cost of the capital improvement program will be provided from Revenues, additional Revenue Obligations, commercial paper and other short-term obligations.

The Authority's capital improvement program includes funds for contractual obligations associated with V.C. Summer Units 2 and 3, general improvements to the Authority's system and environmental compliance expenditures.

ECONOMIC FACTORS

During 2012, the Authority continued to face economic and industry challenges that were both unique to the Authority as well as the entire power industry.

During the year the Authority worked diligently to manage rising costs by taking advantage of a more favorable natural gas market, as well as diversifying its fuel mix to include more nuclear. The Authority continued construction of two 1,100 MW nuclear generating units. Nuclear power is virtually emissions free and a cornerstone to the Authority's plans to diversify generating fuel sources, enhance operating flexibility and maintain ability to offer low-cost, reliable power for the long term. The Authority continued to manage debt service costs by ongoing reevaluation of outstanding debt. It also took advantage of favorable opportunities in the credit market for both refinancing debt and acquiring proceeds needed for ongoing construction and system improvements.

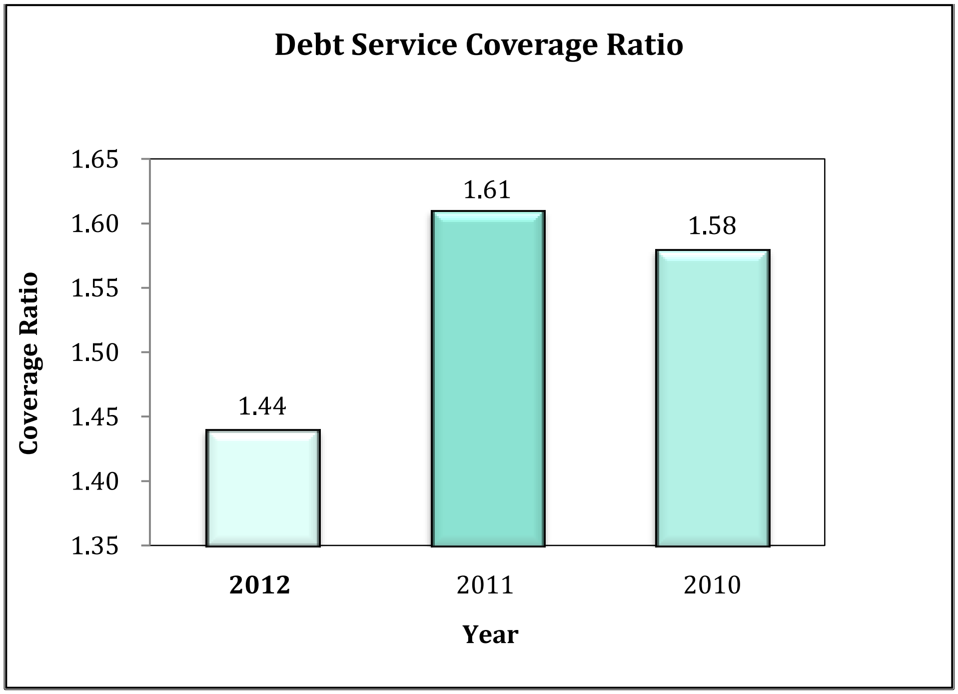
Environmental issues remained in the spotlight on a national level and continued to increase the cost of power, impacting both the public and private sectors. The Authority determined that compliance with new environmental regulations would significantly impact customer rates. Therefore, due to the estimated cost of upgrading the Authority's coal-fired generating stations, the decision was made to retire Grainger Units 1 and 2 and Jefferies Units 3 and 4 effective December 31, 2012.

The Authority joined with the State's electric cooperatives and announced a new, lower electric rate for economic development. The Authority also created a loan program for local governments and nonprofit economic development organizations that could be used for land acquisitions, infrastructure improvements or buildings. These efforts benefit the State by creating jobs and attracting significant capital investment.

The Authority continues to provide benefit to its customers and the residents of the State by managing its costs, building of new, cleaner nuclear generation and while continuing to evaluate the impact of emerging environmental regulations on its existing generation fleet. The Authority remains dedicated to being a leader in economic development in South Carolina.

DEBT SERVICE COVERAGE

The Authority's debt service coverage (excluding commercial paper) for years ended December 31, 2012, 2011 and 2010 is shown below:



BOND RATINGS

Bond ratings assigned by the various agencies at December 31, 2012, 2011 and 2010 were as follows:

Agency / Lien Level	2012	2011	2010
Fitch Ratings			
Revenue Obligations	**AA-**	AA	AA
Commercial Paper	**F1+**	F1+	F1+
Moody's Investors Service, Inc.			
Revenue Obligations	**Aa3**	Aa3	Aa2
Commercial Paper	**P-1**	P-1	P-1
Standard & Poor's Rating Services			
Revenue Obligations	**AA-**	AA-	AA-
Commercial Paper	**A-1**	A-1+	A-1+
2011 Taxable Series A (LIBOR Index Bonds)	**SP-1+**	SP-1+	Not Applicable

Bond Market Transactions for Years 2012, 2011 and 2010

YEAR 2012

Revenue Obligations: 2012 Refunding Series A		**Par Amount:**	$ 99,405,000
Purpose:	Refund a portion of the following: 2003 Refunding Series A and 2004 Series A	**Date Closed:**	February 9, 2012
Comments:	Gross savings of $17.3 million over the life of the bonds		
Revenue Obligations: 2012 Refunding Series B		**Par Amount:**	$ 32,325,000
Purpose:	Refund a portion of the following: 2002 Refunding Series A	**Date Closed:**	April 5, 2012
Comments:	Gross savings of $8.0 million over the life of the bonds		
Revenue Obligations: 2012 Tax-exempt Series D		**Par Amount:**	$ 312,160,000
Purpose:	To finance a portion of the tax-exempt construction for Cross Unit 4, Capital Transmission, New Source Review, Nuclear Transmission and V.C. Summer Units 2 and 3	**Date Closed:**	April 26, 2012
Comments:	Tax-exempt bonds with an all-in true interest cost of 4.30 percent		
Revenue Obligations: 2012 Taxable Series E		**Par Amount:**	$ 262,830,000
Purpose:	To finance a portion of the taxable construction for V.C. Summer Units 2 and 3	**Date Closed:**	April 26, 2012
Comments:	Taxable bonds with an all-in true interest cost of 4.27 percent		
Revenue Obligations: 2012 Series M1 - Current Interest Bearing Bonds (CIBS)		**Par Amount:**	$ 17,572,000
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**	May 17, 2012
Comments:	Tax-exempt minibonds		
Revenue Obligations: 2012 Series M1 - Capital Appreciation Bonds (CABS)		**Par Amount:**	$ 3,565,800
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**	May 17, 2012
Comments:	Tax-exempt minibonds		
Revenue Obligations: 2012 Refunding Series C		**Par Amount:**	$ 119,145,000
Purpose:	Refund a portion of the following: 2002 Refunding Series D	**Date Closed:**	October 9, 2012
Comments:	Gross savings of $20.0 million over the life of the bonds		
Revenue Obligations: 2012 Series M2 - Current Interest Bearing Bonds (CIBS)		**Par Amount:**	$ 14,683,500
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**	November 20, 2012
Comments:	Tax-exempt minibonds		
Revenue Obligations: 2012 Series M2 - Capital Appreciation Bonds (CABS)		**Par Amount:**	$ 3,504,400
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**	November 20, 2012
Comments:	Tax-exempt minibonds		

Bond Market Transactions for Years 2012, 2011 and 2010 (continued)

YEAR 2011

Revenue Obligations: 2011 Series M1 - Current Interest Bearing Bonds (CIBS)		Par Amount:	$ 20,624,500
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:	May 13, 2011
Comments:	Tax-exempt minibonds		
Revenue Obligations: 2011 Series M1 - Capital Appreciation Bonds (CABS)		Par Amount:	$ 5,537,400
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:	May 13, 2011
Comments:	Tax-exempt minibonds		
Revenue Obligations: 2011 Series A - LIBOR Index Bonds		Par Amount:	$ 336,632,000
Purpose:	To refund the Revenue Obligations 2010 Series A bonds, to retire certain commercial paper notes of the Authority and to fund a portion of the Authority's ongoing capital program and miscellaneous improvements	Date Closed:	June 23, 2011
Comments:	Taxable bonds with variable interest rate set monthly based on the London Interbank Offered Rate (LIBOR) plus 38 - 70 basis points		
Revenue Obligations: 2011 Refunding Series B		Par Amount:	$ 288,515,000
Purpose:	Refund a portion of the following: 2002 Refunding Series D and 2004 Series A	Date Closed:	September 1, 2011
Comments:	Gross savings of $23.8 million over the life of the bonds		
Revenue Obligations: 2011 Refunding Series C		Par Amount:	$ 135,855,000
Purpose:	Refund a portion of the following: 2002 Series B and 2007 Series A	Date Closed:	October 11, 2011
Comments:	Gross savings of $9.4 million over the life of the bonds		
Revenue Obligations: 2011 Series M2 - Current Interest Bearing Bonds (CIBS)		Par Amount:	$ 17,205,500
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:	November 8, 2011
Comments:	Tax-exempt minibonds		
Revenue Obligations: 2011 Series M2 - Capital Appreciation Bonds (CABS)		Par Amount:	$ 4,668,000
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:	November 8, 2011
Comments:	Tax-exempt minibonds		

YEAR 2010

Revenue Obligations: 2010 Series M1 - Current Interest Bearing Bonds (CIBS)		Par Amount:	$ 20,584,000
Purpose:	To finance a portion of the Authority's capital improvements	Date Closed:	May 14, 2010
Comments:	Tax-exempt minibonds		
Revenue Obligations: 2010 Series M1 - Capital Appreciation Bonds (CABS)		Par Amount:	$ 7,140,600
Purpose:	To finance a portion of the Authority's capital improvements	Date Closed:	May 14, 2010
Comments:	Tax-exempt minibonds		
Revenue Obligations: 2010 Series A - LIBOR Index Bonds		Par Amount:	$ 234,861,000
Purpose:	To retire certain outstanding taxable commercial paper notes of the Authority	Date Closed:	July 8, 2010
Comments:	Taxable bonds with variable interest rate set monthly based on the London Interbank Offered Rate (LIBOR) plus 25 basis points		
Revenue Obligations: 2010 Refunding Series B		Par Amount:	$ 231,060,000
Purpose:	Refund a portion of the following: 2001 Series A, 2002 Series B and 2002 Refunding Series D	Date Closed:	November 10, 2010
Comments:	Gross savings of $22.8 million over the life of the bonds		
Revenue Obligations: 2010 Series M2 - Current Interest Bearing Bonds (CIBS)		Par Amount:	$ 12,161,000
Purpose:	To finance a portion of the Authority's capital improvements	Date Closed:	November 18, 2010
Comments:	Tax-exempt minibonds		
Revenue Obligations: 2010 Series M2 - Capital Appreciation Bonds (CABS)		Par Amount:	$ 4,880,200
Purpose:	To finance a portion of the Authority's capital improvements	Date Closed:	November 18, 2010
Comments:	Tax-exempt minibonds		
Revenue Obligations: 2010 Series C - Build America Bonds		Par Amount:	$ 360,000,000
Purpose:	To finance a portion of the tax-exempt construction for V. C. Summer Units 2 and 3 - (The bond proceeds are taxable but will be used to pay tax-exempt expenditures)	Date Closed:	December 21, 2010
Comments:	Taxable bonds with an all-in true interest cost of 4.24 percent		

REPORT OF INDEPENDENT AUDITORS

The Advisory Board and Board of Directors
South Carolina Public Service Authority
Moncks Corner, South Carolina

Report on the Financial Statements

We have audited the accompanying combined financial statements of the South Carolina Public Service Authority (the Authority) (a component unit of the state of South Carolina), which comprise the combined statements of net position as of December 31, 2012 and 2011, and the related combined statements of revenues, expenses and changes in net position, and cash flows for each of the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2012 and 2011, and results of their operations and their cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 1C to the combined financial statements, the Net Position section of the Combined Statements of Financial Position has been reclassified. In addition as discussed in Notes 1C and 1O the Authority implemented GASB Statements 63 and 65 that requires that certain assets and liabilities be classified as deferred outflows of resources and deferred inflows of resources. Our opinion is not modified with respect to these matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the combined financial statements. Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the combined financial statements as a whole. The Chairman and CEO Letter, Corporate Statistics, Audit Committee Chairman's Letter, Leadership, and Office Locations as listed in the table of contents of the annual report are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the combined financial statements and, accordingly, we express no opinion on it.

Cherry Bekaert LLP

Raleigh, North Carolina
February 22, 2013

Combined Statements of Net Position

South Carolina Public Service Authority
As of December 31, 2012 and 2011

	2012	2011
	(Thousands)	
ASSETS		
Current assets		
Unrestricted cash and cash equivalents	**$ 132,429**	$ 84,282
Unrestricted investments	**126,045**	168,675
Restricted cash and cash equivalents	**139,102**	137,680
Restricted investments	**160,999**	171,452
Receivables, net of allowance for doubtful accounts of $1,333 and $1,380 at December 31, 2012 and 2011, respectively	**205,034**	208,610
Materials inventory	**106,333**	104,553
Fuel inventory		
Fossil fuels	**483,407**	492,410
Nuclear fuel - net	**84,470**	83,235
Interest receivable	**1,731**	2,150
Prepaid expenses and other current assets	**252,886**	249,596
Total current assets	**1,692,436**	1,702,643
Noncurrent assets		
Unrestricted cash and cash equivalents	**5,522**	10,374
Unrestricted investments	**104,322**	96,860
Restricted cash and cash equivalents	**201,991**	91,648
Restricted investments	**398,413**	391,199
Capital assets		
Utility plant	**6,744,928**	6,724,937
Long lived assets - asset retirement cost	**507,394**	33,078
Accumulated depreciation	**(2,954,471)**	(2,902,820)
Total utility plant - net	**4,297,851**	3,855,195
Construction work in progress	**1,643,507**	1,230,771
Other physical property - net	**6,560**	6,783
Investment in associated companies	**8,124**	9,540
Unamortized debt expenses	**32,951**	34,247
Costs to be recovered from future revenue	**220,165**	211,010
Regulatory asset - asset retirement obligation	**544,583**	361,301
Other noncurrent and regulatory assets	**433,144**	382,045
Total noncurrent assets	**7,897,133**	6,680,973
Total assets	**$ 9,589,569**	$ 8,383,616
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	**$ 34,891**	$ 55,746
Unamortized loss on refunded and defeased debt	**138,072**	169,291
Total deferred outflows of resources	**$ 172,963**	$ 225,037

The accompanying notes are an integral part of these combined financial statements.

Combined Statements of Net Position (continued)

South Carolina Public Service Authority
As of December 31, 2012 and 2011

	2012	2011
	(Thousands)	
LIABILITIES		
Current liabilities		
Current portion of long-term debt	**$ 334,842**	$ 158,024
Accrued interest on long-term debt	**108,465**	115,735
Commercial paper	**329,283**	306,566
Accounts payable	**228,958**	231,785
Other current liabilities	**61,850**	79,549
Total current liabilities	**1,063,398**	891,659
Noncurrent liabilities		
Construction liabilities	**2,428**	6,634
Asset retirement obligation liability	**1,002,313**	347,476
Total long-term debt (net of current portion)	**5,222,951**	5,002,926
Unamortized debt discounts and premiums	**190,368**	158,108
Long-term debt - net	**5,413,319**	5,161,034
Other credits and noncurrent liabilities	**52,192**	74,455
Total noncurrent liabilities	**6,470,252**	5,589,599
Total liabilities	**$ 7,533,650**	$ 6,481,258
DEFERRED INFLOWS OF RESOURCES		
Accumulated increase in fair value of hedging derivatives	**$ 3,423**	$ 2,158
Compensated absences	**8,663**	8,643
Nuclear decommissioning costs	**196,252**	187,317
Unamortized gain on defeased debt	**1,168**	0
Unfunded pension and other post employment benefit costs	**44,793**	39,546
Total deferred inflows of resources	**$ 254,299**	$ 237,664
NET POSITION		
Net invested in capital assets	**$ 894,920**	$ 808,092
Restricted for debt service	**140,038**	128,338
Restricted for other	**0**	19,447
Unrestricted	**939,625**	933,854
Total net position	**$ 1,974,583**	$ 1,889,731

Combined Statements of Revenues, Expenses and Changes in Net Position

South Carolina Public Service Authority
Years Ended December 31, 2012 and 2011

	2012	2011
	(Thousands)	
Operating revenues		
Sale of electricity	$ **1,868,365**	$ 1,894,371
Sale of water	**6,594**	6,801
Other operating revenue	**12,838**	13,517
Total operating revenues	**1,887,797**	1,914,689
Operating expenses		
Electric operating expenses		
Production	**103,655**	102,205
Fuel	**829,085**	920,315
Purchased and interchanged power	**161,349**	83,062
Transmission	**24,080**	23,187
Distribution	**10,625**	10,372
Customer accounts	**15,660**	15,431
Sales	**5,803**	4,745
Administrative and general	**90,501**	82,504
Electric maintenance expense	**135,201**	121,617
Water operation expense	**2,217**	2,246
Water maintenance expense	**713**	550
Total operation and maintenance expenses	**1,378,889**	1,366,234
Depreciation and amortization	**187,382**	185,038
Sums in lieu of taxes	**5,209**	4,890
Total operating expenses	**1,571,480**	1,556,162
Operating income	**316,317**	358,527
Nonoperating revenues (expenses)		
Interest and investment revenue	**4,892**	6,345
Net increase in the fair value of investments	**(2,966)**	(2,868)
Interest expense on long-term debt	**(215,414)**	(214,063)
Other interest expense	**(14,919)**	(8,667)
Costs to be recovered from future revenue	**9,155**	5,987
Other - net	**7,412**	5,662
Total nonoperating revenues (expenses)	**(211,840)**	(207,604)
Income before transfers	**104,477**	150,923
Capital contributions & transfers		
Distribution to the State	**(19,617)**	(18,656)
Reduction in water system capital	**(8)**	0
Total capital contributions & transfers	**(19,625)**	(18,656)
Change in net position	**84,852**	132,267
Total net position - beginning	**1,889,731**	1,757,464
Total net position - ending	$ **1,974,583**	$ 1,889,731

The accompanying notes are an integral part of these combined financial statements.

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Combined Statements of Cash Flows

South Carolina Public Service Authority
Years Ended December 31, 2012 and 2011

	2012	2011
	(Thousands)	
Cash flows from operating activities		
Receipts from customers	**$ 1,891,420**	$ 1,907,187
Payments to non-fuel suppliers	**(516,867)**	(471,788)
Payments for fuel	**(821,705)**	(912,313)
Purchased power	**(158,122)**	(79,657)
Payments to employees	**(159,670)**	(158,624)
Other receipts - net	**213,404**	134,285
Net cash provided by operating activities	**448,460**	419,090
Cash flows from non-capital related financing activities		
Distribution to the State	**(19,617)**	(18,656)
Reduction in water system capital	**(8)**	0
Net cash used in non-capital related financing activities	**(19,625)**	(18,656)
Cash flows from capital related financing activities		
Proceeds from sale of bonds	**865,190**	809,037
Net commercial paper issuance	**22,717**	147,228
Repayment and refunding of bonds	**(469,192)**	(802,971)
Interest paid on borrowings	**(270,682)**	(246,407)
Construction and betterments of utility plant	**(488,389)**	(380,543)
Debt premium	**50,120**	8,444
Other - net	**(24,290)**	(47,269)
Net cash used in capital related financing activities	**(314,526)**	(512,481)
Cash flows from investing activities		
Net increase/(decrease) in investments	**35,440**	(153,817)
Interest on investments	**5,311**	6,593
Net cash provided by/(used in) investing activities	**40,751**	(147,224)
Net increase/(decrease) in cash and cash equivalents	**155,060**	(259,271)
Cash and cash equivalents - beginning	**323,984**	583,255
Cash and cash equivalents - ending	**$ 479,044**	$ 323,984

The accompanying notes are an integral part of these combined financial statements.

Combined Statements of Cash Flows (continued)

South Carolina Public Service Authority
Years Ended December 31, 2012 and 2011

	2012	2011
	(Thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 316,317**	$ 358,527
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	**209,344**	205,536
Net power gains involving associated companies	**(44,686)**	(19,934)
Distributions from associated companies	**42,117**	17,659
Advances to associated companies	**(6)**	(4)
Other income and expense	**14,656**	10,952
Changes in assets and liabilities		
Accounts receivable - net	**3,576**	(7,632)
Inventories	**7,223**	(68,363)
Prepaid expenses	**3,844**	(27,198)
Other deferred debits	**1,550**	(3,815)
Accounts payable	**(71,911)**	(55,007)
Other current liabilities	**(17,011)**	17,036
Other noncurrent liabilities	**(16,553)**	(8,667)
Net cash provided by operating activities	**$ 448,460**	$ 419,090
Composition of cash and cash equivalents		
Current		
Unrestricted cash and cash equivalents	**$ 132,429**	$ 84,282
Restricted cash and cash equivalents	**139,102**	137,680
Noncurrent		
Unrestricted cash and cash equivalents	**5,522**	10,374
Restricted cash and cash equivalents	**201,991**	91,648
Cash and cash equivalents at the end of the year	**$ 479,044**	$ 323,984

NOTES

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A - Reporting Entity - The South Carolina Public Service Authority (the Authority or Santee Cooper), a component unit of the State of South Carolina, was created in 1934 by the State legislature. The Santee Cooper Board of Directors (Board) is appointed by the Governor of South Carolina with the advice and consent of the Senate. The purpose of the Authority is to provide electric power and wholesale water to the people of South Carolina. Capital projects are funded by bonds, commercial paper and internally generated funds. As authorized by State law, the Board sets rates charged to customers to pay debt service and operating expenses and to provide funds required under bond covenants.

B - System of Accounts - The accounting records of the Authority are maintained on an accrual basis in accordance with accounting principles generally accepted in the United States (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting and the Financial Accounting Standards Board (FASB) that do not conflict with rules issued by the GASB.

The Authority's combined financial statements include the accounts of the Lake Moultrie and Lake Marion Regional Water Systems after elimination of inter-company accounts and transactions. The accounts are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) for the electric system and the National Association of Regulatory Utility Commissioners (NARUC) for the water systems.

The Authority also complies with policies and practices prescribed by its Board and practices common in both industries. As the Board is authorized to set rates, the Authority has historically followed GASB 62 (FASB ASC 980 formerly FAS 71). This standard provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

C - Reclassifications - To achieve conformity and comparability, the Authority may reclassify certain amounts in prior year financial statements where applicable.

During 2012, the Authority determined that the Net Position section of the Combined Statements of Net Position (previously Net Assets section of Combined Balance Sheets) should be reclassified. As of December 31, 2011, the "Net investment in capital assets" category was understated due to non-capital related debt liabilities and nuclear decommissioning liability being included in the calculation.

For comparative purposes, calendar year 2011 has been reclassified. The reclassification resulted in a $1,010.6 million increase in the "Net investment in capital assets" category, a $187.3 million decrease in the "Restricted for other" category, and an $823.3 million decrease in the "Unrestricted" category. There was no impact on the overall "Total net position."

In addition, the Authority implemented GASB 63 as required in 2012. The pronouncement requires that certain assets and liabilities be classified as deferred outflows of resources and deferred inflows of resources. As a result, the following reclassifications have been made to 2011:

	2011
COMBINED STATEMENTS OF NET POSITION (Reclassified)	(Thousands)
Deferred Outflows of Resources	
Accumulated decrease in fair value of hedging derivatives	$ 55,746
Unamortized loss on refunded and defeased debt	169,291
Deferred Inflows of Resources	
Accumulated increase in fair value of hedging derivatives	2,158
Compensated absences	8,643
Nuclear decommissioning costs	187,317
Unfunded pension and other post employment benefit costs	39,546
Total	$ 462,701
COMBINED BALANCE SHEETS (Original)	
Assets	
Prepaid expenses and other current assets	$ (30,365)
Regulatory asset - asset retirement obligation	(187,317)
Other noncurrent and regulatory assets	(25,381)
Liabilities	
Other current liabilities	(10,760)
Unamortized refunding and other costs	(169,291)
Other deferred credits and noncurrent liabilities	(39,587)
Total	$ (462,701)

D - Cash and Cash Equivalents - For purposes of the Combined Statements of Net Position and Combined Statements of Cash Flows, the Authority considers highly liquid investments with original maturities of ninety days or less and cash on deposit with financial institutions as Restricted and Unrestricted cash and cash equivalents. “Restricted” refers to those funds limited by law, regulations or Board action as to their allowable disbursement. “Unrestricted” refers to all other funds not meeting the requirements of restricted.

E - Inventory - Material and fuel inventories are carried at weighted average costs. At the time of issuance or consumption, an expense is recorded at the weighted average cost.

F - Utility Plant - Utility plant is recorded at cost, which includes materials, labor, overhead and interest capitalized during construction. Interest is capitalized only when interest payments are funded through borrowings. There was no interest capitalized in 2012 or 2011. Other interest expense is recovered currently through rates. The costs of maintenance, repairs and minor replacements are charged to appropriate operation and maintenance expense accounts. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal, less salvage, are charged to accumulated depreciation.

G - Depreciation - Depreciation is computed using composite rates on a straight-line basis over the estimated useful lives of the various classes of the plant. Composite rates are applied to the gross plant balance of various classes of assets which includes appropriate adjustments for cost of removal and salvage. The Authority periodically has depreciation studies performed by independent parties to assist management in establishing appropriate composite depreciation rates.

Annual depreciation provisions, expressed as a percentage of average depreciable utility plant in service, were as follows:

Years Ended December 31,	**2012**	2011
Annual Average Depreciation Percentages	**2.8%**	2.8%
Note: Depreciation expense includes amortization of property under capitalized leases.		

H - Investment in Associated Companies - The Authority is a member of The Energy Authority (TEA). Approximate ownership interests were as follows:

Years Ended December 31,	**2012**	2011
Members	Ownership (%)	
City Utilities of Springfield (Missouri)	**6.7**	6.9
Cowlitz Public Utility District (Washington)	**6.7**	6.9
Gainesville Regional Utilities (Florida)	**6.6**	6.7
JEA (Florida)	**20.0**	19.9
MEAG Power (Georgia)	**20.0**	19.3
Nebraska Public Power District (Nebraska)	**20.0**	19.5
Santee Cooper (South Carolina)	**20.0**	20.8
Total	**100.0**	100.0

TEA markets wholesale power and coordinates the operation of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. It is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA does not engage in the construction or ownership of generation or transmission assets. In addition, it assists members with fuel hedging activities and acts as an agent in the execution of forward transactions. The Authority accounts for its investment in TEA under the equity method of accounting.

All of TEA's revenues and costs are allocated to the members. The following table summarizes the transactions applicable to the Authority:

Years Ended December 31,	**2012**	2011
	(Thousands)	
TEA Investment:		
Balance as of January 1,	**$ 9,354**	$ 10,587
Reduction to power costs and increases in electric revenues	**40,813**	16,426
Less: Distributions from TEA	**42,117**	17,659
Less: Other (includes equity losses)	**118**	0
Balance as of December 31,	**$ 7,932**	$ 9,354
Due To/Due From TEA:		
Payable to	**$ 26,463**	$ 17,856
Receivable from	**$ 2,013**	$ 1,008

The Authority's exposure relating to TEA is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. These guarantees are within the scope of FASB ASC 952. Upon the Authority making any payments under its electric guarantee, it has certain contribution rights with the other members in order that payments made under the TEA member guarantees would be equalized ratably, based upon each member's equity ownership interest. After such contributions have been affected, the Authority would only have recourse against TEA to recover amounts paid under the guarantee. The term of this guarantee is generally indefinite, but the Authority has the ability to terminate its guarantee obligations by providing advance notice to the beneficiaries thereof. Such termination of its guarantee obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. The Authority's support of TEA's trading activities is limited based on the formula derived from the forward value of TEA's trading positions at a point in time. The formula was approved by the Authority's Board. At December 31, 2012, the trade guarantees are an amount not to exceed approximately $75.9 million.

The Authority is also a member of Colectric Partners (Colectric). Members and ownership interests were as follows:

Years Ended December 31,	**2012**	2011
Members	Ownership (%)	
Florida Municipal Power Agency (Florida)	**N/A**	N/A
Gainesville Regional Utilities (Florida)	**N/A**	N/A
JEA (Florida)	**25.0**	25.0
MEAG Power (Georgia)	**25.0**	25.0
Nebraska Public Power District (Nebraska)	**25.0**	25.0
Orlando Utilities Commission (Florida)	**N/A**	N/A
Santee Cooper (South Carolina)	**25.0**	25.0
Total	**100.0**	100.0

Colectric provides public power utilities with key project and business management resources. Colectric also specializes in the development, project management, operations and maintenance of public power utilities' electric generation facilities and electric system infrastructure. The members may elect to participate in Colectric initiatives based on individual utility needs.

Currently, the Authority participates in several of Colectric's initiatives. One involves managing the major gas turbine overhauls, thereby promoting the sharing of spare parts and technical expertise. Another is a strategic sourcing initiative, intended to achieve major cost savings through volume purchasing leverage. Other initiatives in which the Authority participates include steam turbine (combined cycle and non-combined cycle) gas turbine inlet air filters, maintenance/inspection/repair and borescope/NDT services for steam and gas turbines.

The Authority's exposure relating to Colectric is limited to its capital investment, any accounts receivable and any indemnifications related to agreements between Colectric and the Authority. These indemnifications are within the scope of FASB ASC 952. The Authority's initial investment in Colectric was $413,000. The balance in its member equity account at December 31, 2012 and 2011 was approximately $192,000 and $186,000, respectively. Since 2001, cumulative net direct cost and direct savings have been $3.8 million and $17.4 million, respectively.

I - Bond Issuance Costs and Refunding Activity - During 2012, the Authority implemented GASB 62 as required and also elected early adoption of GASB 65. GASB 62 requires that any gains or losses resulting from extinguishment of debt be expensed at the time of extinguishment. GASB 65 requires that debt issuance costs be expensed in the period incurred. In order to align the impact of these pronouncements with the Authority's rate making process, the Board authorized the use of regulatory accounting to allow continuation of prior accounting treatment with regards to these costs in October, 2012.

Consistent with prior accounting periods, unamortized debt discounts, premiums and expenses are amortized to income over the terms of the related debt issues. Gains or losses on refunded and extinguished debt are amortized to earnings over the shorter of the remaining life of the refunded debt or the life of the new debt.

J - Revenue Recognition and Fuel Costs - Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues for electricity delivered to retail customers but not billed are accrued monthly. Accrued revenue for retail customers totaled $13.4 million in 2012 and $12.5 million in 2011.

Fuel costs are reflected in operating expenses as fuel is consumed. Fuel expense for all customers is billed utilizing rates and contracts, the majority of which include fuel adjustment provisions based on either the accrual costs for the previous month or the actual weighted average costs for the previous three-month period.

K - Payment to the State - The Authority is operated for the benefit of the people of South Carolina (the State) and was created by Act No. 887 of the Acts of the State of South Carolina for 1934 and acts supplemental thereto and amendatory thereof (Code of Laws of South Carolina 1976, as amended – Sections 58-31-10 through 58-31-50) (the Act). Nothing in the Act prohibits the Authority from paying to the State each year up to one percent of its projected operating revenues; as such revenues would be determined on an accrual basis from the combined electric and water systems. The Authority recognizes the distributions (shown as "Capital contributions & transfers – Distributions to the State" on the Combined Statements of Revenues, Expenses and Changes in Net Position) as a reduction to net position when paid.

Payments made to the State in 2012 and 2011 totaled approximately $19.6 million and $18.7 million, respectively.

L - Accounting for Derivative Instruments - In compliance with GASB 53 and 64, the annual changes in the fair value of effective hedging derivative instruments are required to be deferred – reported as deferred outflows of resources and deferred inflows of resources on the Combined Statements of Net Position. Deferral of changes in fair value generally lasts until the transaction involving the hedged item ends.

Natural gas, a core business commodity input for the Authority, has historically been hedged in an effort to mitigate gas cost risk by reducing cost volatility and improving cost effectiveness. Unrealized gains and losses related to such activity are deferred in a regulatory account and recognized in earnings as fuel costs are incurred in the production cycle.

A summary of the Authority's derivative activity for years ended December 31, 2012 and 2011 is below:

Cash Flow Hedges and Summary of Activity					
Years Ended December 31,			**2012**		2011
	Account Classification		(Millions)		
Fair Value					
Natural Gas	Regulatory Assets/Liabilities	**$**	**(31.8)**	$	(54.8)
Crude Oil	Regulatory Assets/Liabilities		**0.0**		1.6
Heating Oil	Regulatory Assets/Liabilities		**0.3**		1.5
Changes in Fair Value					
Natural Gas	Regulatory Assets/Liabilities	**$**	**23.0**	$	(31.3)
Crude Oil	Regulatory Assets/Liabilities		**(1.6)**		(4.0)
Heating Oil	Regulatory Assets/Liabilities		**(1.2)**		1.5
Recognized Net Gains (Losses)					
Natural Gas	Operating Expense-Fuel	**$**	**(41.1)**	$	(13.7)
Crude Oil	Operating Expense-Fuel		**2.2**		4.2
Heating Oil	Operating Expense-Fuel		**(2.4)**		(1.0)
Realized But Not Recognized Net Gains (Losses)					
Natural Gas	Regulatory Assets/Liabilities	**$**	**(5.9)**	$	(3.3)
Crude Oil	Regulatory Assets/Liabilities		**0.0**		0.5
Heating Oil	Regulatory Assets/Liabilities		**0.1**		(3.4)
Notional					
			MBTUs		
Natural Gas			**33,610**		38,830
			Gallons (000s)		
Heating Oil			**6,468**		10,164

Note: The Authority records fair value transactions related to hedging under deferred outflows of resources and deferred inflows of resources sections of the Combined Statements of Net Position.

M - Retirement of Long-Lived Assets - The Authority follows the guidance of FASB ASC 410 in regards to the decommissioning of V.C. Summer Nuclear Station and closing coal-fired generation ash ponds. The requirements for both were recorded within "Capital assets" on the accompanying Combined Statements of Net Position.

The asset retirement obligation (ARO) is adjusted each period for any liabilities incurred or settled during the period, accretion expense and any revisions made to the estimated cash flows. The following table summarizes the Authority's transactions:

Years Ended December 31,	**2012**			2011		
	Nuclear	**Ash Ponds**	**Total**	Nuclear	Ash Ponds	Total
	(Millions)					
Reconciliation of ARO Liability:						
Balance as of January 1,	**$ 280.0**	**$ 67.4**	**$ 347.4**	$ 268.3	$ 64.0	$ 332.3
Accretion expense	**12.1**	**3.6**	**15.7**	11.7	3.4	15.1
Additional layer	**358.2**	**281.0**	**639.2**	0.0	0.0	0.0
Balance as of December 31,	**$ 650.3**	**$ 352.0**	**$ 1,002.3**	$ 280.0	$ 67.4	$ 347.4
Asset Retirement Cost (ARC):	**$ 334.3**	**$ 173.1**	**$ 507.4**	$ 22.7	$ 10.4	$ 33.1

N - Reporting Impairment Losses - During 2012, the Board authorized the retirement of six generating units: two at Grainger Generating Station and four at Jefferies Generating Station. The Authority set December 31, 2012 as the permanent retirement date for the four coal-fired generating units: Grainger Units 1 and 2 and Jefferies Units 3 and 4.

In compliance with GASB 42 the Authority has recorded the necessary entries required when capital assets have been permanently impaired. The following table summarizes the Authority's entries as of December 31, 2012:

	Grainger Units 1 and 2	Jefferies Units 3 and 4
	(Millions)	
Combined Statements of Net Position		
Assets		
Current assets		
Materials inventory	$ (2.8)	$ (3.6)
Noncurrent assets		
Capital assets		
Utility plant	(35.7)	(63.1)
Accumulated depreciation	35.7	63.1
Costs to be recovered from future revenue	1.1	4.5
Combined Statements of Revenues, Expenses and Changes in Net Position		
	(Millions)	
Operating expenses		
Production	$ 2.8	$ 3.6
Nonoperating expenses		
Costs to be recovered from future revenue	(1.1)	(4.5)

Effects of these transactions are visible in NOTE 2 – COSTS TO BE RECOVERED FROM FUTURE REVENUE and NOTE 3 – CAPITAL ASSETS. The Authority is continuing to develop and implement a process to fully close the retired units in accordance with regulatory requirements. The closure of the ash ponds at each site will result in additional entries and adjustments to asset retirement obligation (ARO) balances in subsequent years.

O - New Accounting Standards

STATEMENT NO. & ISSUE DATE	TITLE/SUMMARY	SUMMARY OF ACTION BY THE AUTHORITY
Statement No. GASB 60	**Accounting and Financial Reporting for Service Concession Arrangements**	
Issue Date: November 2010	Effective for Periods Beginning After: December 15, 2011	Reviewed and Adopted in 2012
Description:	Addresses how to account for and report service concession arrangements (SCA's), a type of public-private partnership between state and local governments.	
Statement No. GASB 61	**The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34**	
Issue Date: November 2010	Effective for Periods Beginning After: June 15, 2012	Reviewed and Adopted Early in 2012
Description:	This is a result of a reexamination of the previous reporting entity guidance contained in Statement No. 14. The most significant effect is the increased emphasis on a financial benefit or burden between the primary government and component units.	
Statement No. GASB 62	**Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements**	
Issue Date: December 2010	Effective for Periods Beginning After: December 15, 2011	Reviewed and Adopted in 2012
Description:	With this statement, utilities that are required to follow GASB standards can choose to follow accounting and financial guidance issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.	
Statement No. GASB 63	**Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position**	
Issue Date: June 2011	Effective for Periods Beginning After: December 15, 2011	Reviewed and Adopted in 2012
Description:	This provides guidance for reporting deferred outflows of resources and deferred inflows of resources within the financial statements of governmental entities. Additionally, it renames the statement of net assets as the statement of net position. The statement of net position should report all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.	
Statement No. GASB 64	**Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53**	
Issue Date: June 2011	Effective for Periods Beginning After: June 15, 2011	Reviewed and Adopted in 2012
Description:	This statement provides clarity and designates specific circumstances where hedge accounting may continue after the termination of the hedging derivative instrument.	
Statement No. GASB 65	**Items Previously Reported as Assets and Liabilities**	
Issue Date: March 2012	Effective for Periods Beginning After: December 15, 2012	Reviewed and Adopted Early in 2012
Description:	This statement provides guidance and establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.	
Statement No. GASB 66	**Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62**	
Issue Date: March 2012	Effective for Periods Beginning After: December 15, 2012	Reviewed and Adopted Early in 2012
Description:	This statement's objective is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.	
Statement No. GASB 67	**Financial Reporting for Pension Plans - an amendment of GASB 25**	
Issue Date: June 2012	Effective for Periods Beginning After: June 15, 2013	Under Review
Description:	The objective of GASB 67 is to improve financial reporting by state and local governmental pension plans. GASB 67 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity and creating additional transparency. GASB 67 replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and No. 50, Pension Disclosures.	
Statement No. GASB 68	**Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27**	
Issue Date: June 2012	Effective for Periods Beginning After: June 15, 2014	Under Review
Description:	The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.	

NOTE: None of the statements listed in this note are expected to have a material effect on the Authority's financial position, overall cash flow, balances or results of operations.

NOTE 2 – COSTS TO BE RECOVERED FROM FUTURE REVENUE:

The Authority's rates are established based upon debt service and operating fund requirements. Depreciation is not considered in the cost of service calculation used to design rates. In accordance with GASB 62, the differences between debt principal maturities (adjusted for the effects of premiums, discounts, expenses and amortization of deferred gains and losses) and depreciation on debt financed assets are recognized as costs to be recovered from future revenue (CTBR). The recovery of outstanding amounts recorded as CTBR will coincide with the repayment of the applicable outstanding debt. The Authority's summary of CTBR activity is recapped below and reflects the impact of the closure of Grainger Units 1 and 2 and Jefferies Units 3 and 4 as noted in Note 1-N – Reporting Impairment Losses:

Years Ended December 31,	**2012**	2011
	(Millions)	
CTBR Regulatory Asset:		
Balance	**$ 220.2**	$ 211.0
CTBR Expense/(Reduction to Expense):		
Net Expense	**$ (9.2)**	$ (6.0)

NOTE 3 – CAPITAL ASSETS:

Capital asset activity for the years ended December 31, 2012 and 2011 was as follows:

	Beginning Balances	Increases	Decreases (1)	Ending Balances
YEAR 2012				
(Thousands)				
Utility plant	**$ 6,724,937**	**$ 158,260**	**$ (138,269)**	**$ 6,744,928**
Long lived - assets retirement cost	**33,078**	**474,316**	**0**	**507,394**
Accumulated depreciation	**(2,902,820)**	**(189,796)**	**138,145**	**(2,954,471)**
Total utility plant - net	**3,855,195**	**442,780**	**(124)**	**4,297,851**
Construction work in progress	**1,230,771**	**1,046,049**	**(633,313)**	**1,643,507**
Other physical property -net	**6,783**	**0**	**(223)**	**6,560**
Totals	**$ 5,092,749**	**$ 1,488,829**	**$ (633,660)**	**$ 5,947,918**
(1) Decreases noted above include impact of retiring Grainger Units 1 and 2 and Jefferies Units 3 and 4 as referred to in Note 1-N – Reporting Impairment Losses.				
YEAR 2011				
(Thousands)				
Utility plant	$ 6,614,682	$ 121,791	$ (11,536)	$ 6,724,937
Long lived – assets retirement cost	33,078	0	0	33,078
Accumulated depreciation	(2,719,756)	(194,587)	11,523	(2,902,820)
Total utility plant – net	3,928,004	(72,796)	(13)	3,855,195
Construction work in progress	938,254	414,407	(121,890)	1,230,771
Other physical property - net	7,170	96	(483)	6,783
Totals	$ 4,873,428	$ 341,707	$ (122,386)	$ 5,092,749

NOTE 4 – CASH AND INVESTMENTS HELD BY TRUSTEE:

Cash and investments as of December 31, 2012 and 2011 are classified in the accompanying financial statements as follows:

Combined Statements of Net Position		
Years Ended December 31,	**2012**	2011
	(Thousands)	
Current assets		
Unrestricted cash and cash equivalents	**$ 132,429**	$ 84,282
Unrestricted investments	**126,045**	168,675
Restricted cash and cash equivalents	**139,102**	137,680
Restricted investments	**160,999**	171,452
Noncurrent assets		
Unrestricted cash and cash equivalents	**5,522**	10,374
Unrestricted investments	**104,322**	96,860
Restricted cash and cash equivalents	**201,991**	91,648
Restricted investments	**398,413**	391,199
Total cash and investments	**$ 1,268,823**	$ 1,152,170
Cash and investments as of December 31 consist of the following:		
Cash/Deposits	**$ 75,905**	$ 121,102
Investments	**1,192,918**	1,031,068
Total cash and investments	**$ 1,268,823**	$ 1,152,170

Unexpended funds from the sale of bonds, debt service funds, other special funds cash and investments are held and maintained by custodians and trustees. Their use is designated in accordance with applicable provisions of various bond resolutions, lease agreements and the Enabling Act included in the South Carolina Code of Laws (the Enabling Act).

The Authority's investments are authorized by the Enabling Act, the Authority's investment policy and the Revenue Obligation Resolution. Authorized investment types include Federal Agency Securities, State of South Carolina General Obligation Bonds and U.S. Treasury Obligations, all of which are limited to a ten year maximum maturity in all portfolios, except the Decommissioning Funds. Certificate of Deposits and Repurchase Agreements are also authorized with a maximum maturity of one year.

All equity and debt securities are recorded at their fair value with gains and losses in fair value reflected as a component of non-operating income in the Combined Statements of Revenues, Expenses and Changes in Net Position.

Following is a summary of the Authority's investment activity:

Years Ended December 31,	2012	2011
Total Portfolio	(Billions)	
Total Investments	**$ 1.2**	$ 1.0
Purchases	**52.1**	37.9
Sales	**51.9**	38.1
Nuclear Decommissioning Portfolios (1)	(Millions)	
Total Investments	**$ 195.4**	$ 186.7
Purchases	**624.0**	772.4
Sales	**618.9**	771.2
Unrealized Holding Gains	**26.8**	27.4
(1) Realized and unrealized earnings are credited to the "Regulatory asset - Asset retirement obligation".		
Repurchase Agreements (2)	(Millions)	
Balance at December 31	**$ 348.1**	$ 142.6
(2) Securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement and are delivered by broker/dealers to the Authority's custodial agents.		

Common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk are as follows:

Risk Type	Exposure
Credit Risk - Risk that an issuer of an investment will not fulfill its obligation to the holder of the investments. Measured by the assignment of rating by a nationally recognized statistical rating organization.	As of December 31, 2012 and 2011, all of the agency securities held by the Authority were rated AAA by Fitch Ratings, Aaa by Moody's Investors Service, Inc. and AA+ by Standard & Poor's Rating Services.
Custodial Credit Risk-Investments - Risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party.	As of December 31, 2012 and 2011, all of the Authority's investment securities are held by the Trustee or Agent of the Authority and therefore there is no custodial risk for investment securities.
Custodial Credit Risk-Deposits - Risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.	At December 31, 2012 and 2011, the Authority had exposure to custodial credit risk for deposits as follows: (see table below)
Concentration of Credit Risk - The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer.	Investments in any one issuer (other than U. S. Treasury securities) that represent five percent or more of total Authority investments at December 31, 2012 and 2011 were as follows: (see table below)
Interest Rate Risk - Risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.	The Authority manages its exposure to interest rate risk by investing in securities that mature as necessary to provide the cash flow and liquidity needed for operations. The following table shows the distribution of the Authority's investments by maturity at December 31, 2012 and 2011: (see table below)
Foreign Currency Risk - Risk exists when there is a possibility that changes in exchange rates could adversely affect investment or deposit fair market value.	The Authority is not authorized to invest in foreign currency and therefore has no exposure.

Depository Account Type

Years Ended December 31,	Bank Balance 2012	Bank Balance 2011
	(Thousands)	
Uninsured and collateral held by Bank's agent not in Authority's name	**$ 500**	$ 500

Security Type / Issuer	Fair Value 2012	Fair Value 2011
Federal Agency Fixed Income Securities	(Thousands)	
Federal Home Loan Bank	**$ 475,406**	$ 368,948
Federal National Mortgage Association	**98,068**	178,207
Federal Farm Credit Bank	**173,162**	118,138
Federal Home Loan Mortgage Corp	**22,911**	133,009

Investment Type:	2012 Fair Value (Thousands)	2012 Weighted Average Maturity (Years)	2011 Fair Value (Thousands)	2011 Weighted Average Maturity (Years)
Certificates of Deposits	**$ 1,450**	**0.21**	$ 1,450	0.24
Federal Agency Discount Notes	**199,858**	**0.01**	232,184	0.09
Federal Agency Securities	**594,291**	**3.56**	589,492	2.75
Repurchase Agreements	**348,139**	**0.01**	142,579	0.01
U.S. Treasury Notes and Strips	**49,180**	**7.67**	65,363	6.03
Total	**$ 1,192,918**		$ 1,031,068	
Portfolio Weighted Average Maturity		**1.94**		1.80

The Authority holds zero coupon bonds which are highly sensitive to interest rate fluctuations in both the Nuclear Decommissioning Trust and Nuclear Decommissioning Fund. Together these accounts hold $59.5 million par in U.S. Treasury Strips ranging in maturity from February 15, 2013 to May 15, 2039. The accounts also hold $56.9 million par in government agency zero coupon securities in the two portfolios ranging in maturity from November 15, 2014 to April 15, 2030. Zero coupon bonds or U.S. Treasury Strips are subject to wider swings in their market value than coupon bonds. These portfolios are structured to hold these securities to maturity or early redemption. The Authority has a buy and hold strategy for these portfolios. Based on the Authority’s current decommissioning assumptions, it is anticipated that no funds will be needed any earlier than 2043. The Authority has no other investments that are highly sensitive to interest rate fluctuations.

NOTE 5: LONG-TERM DEBT OUTSTANDING

The Authority's long-term debt at December 31, 2012 and 2011 consisted of the following:

	2012	2011	Interest Rate(s) (1)	Call Price (2)
	(Thousands)		(%)	(%)
Capitalized Lease Obligations (Net): (mature through 2014)	**$ 1,227**	$ 2,469	5.00	N/A
Revenue Obligations: (mature through 2050)				
1999 Taxable Series B	**3,280**	4,745	7.37-7.42	Non-callable
2001 Improvement Series A	**0**	2,565	N/A	N/A
2002 Refunding Series A	**12,190**	61,505	5.50	101
2002 Tax-exempt Series B	**0**	7,175	N/A	N/A
2002 Refunding Series D	**36,500**	200,635	5.25	Non-callable
2003 Refunding Series A	**255,880**	335,030	4.75-5.00	100
2004 Tax-exempt Series A	**55,720**	94,575	5.00	100
2004 Taxable Series B	**9,350**	12,220	4.33-4.52	P&I Plus Make-Whole Premium
2004 Series M - CIBS	**18,946**	19,049	4.25-4.90	100
2004 Series M - CABS	**10,840**	10,400	4.375-5.00	Accreted Value
2005 Refunding Series A	**125,295**	125,295	5.25-5.50	100
2005 Refunding Series B	**232,080**	240,995	5.00	100
2005 Refunding Series C	**78,150**	78,150	4.125-4.75	100
2005 Series M - CIBS	**6,797**	10,664	3.65-4.35	100
2005 Series M - CABS	**5,718**	5,547	4.00-4.35	Accreted Value
2006 Tax-exempt Series A	**442,475**	446,540	3.60-5.00	100
2006 Taxable Series B	**73,250**	83,250	5.00-5.05	P&I Plus Make-Whole Premium
2006 Series M - CIBS	**7,061**	7,074	3.75-4.20	100
2006 Series M - CABS	**3,222**	3,135	4.00-4.20	Accreted Value
2006 Refunding Series C	**114,755**	114,755	4.00-5.00	100
2007 Series A	**303,005**	311,350	4.00-5.00	100
2007 Refunding Series B	**97,970**	97,970	4.00-5.00	Non-callable
2008 Tax-exempt Series A	**391,985**	396,985	5.00-5.75	100
2008 Taxable Series B	**260,000**	260,000	6.808-8.368	P&I Plus Make-Whole Premium
2008 Series M - CIBS	**18,646**	18,710	3.00-4.80	100
2008 Series M - CABS	**6,437**	6,273	3.80-4.80	Accreted Value
2009 Tax-exempt Refunding Series A	**85,640**	101,750	3.00-5.00	100
2009 Tax-exempt Series B	**162,285**	163,220	4.00-5.25	100
2009 Taxable Series C	**87,040**	87,040	3.72-6.224	P&I Plus Make-Whole Premium
2009 Tax-exempt Refunding Series D	**10,500**	21,375	5.00	Non-callable
2009 Tax-exempt Series E	**250,965**	284,845	3.00-5.00	100
2009 Taxable Series F	**100,000**	100,000	5.74	P&I Plus Make-Whole Premium
2010 Series M1 - CIBS	**20,536**	20,569	1.35-4.30	100
2010 Series M1 - CABS	**7,864**	7,589	3.50-4.30	Accreted Value
2010 Refunding Series B	**231,060**	231,060	3.00-5.00	100
2010 Series M2 - CIBS	**12,013**	12,153	1.60-3.875	100
2010 Series M2 - CABS	**5,220**	5,066	2.875-3.875	Accreted Value
2010 Series C (Build America Bonds) (3)	**360,000**	360,000	6.454	P&I Plus Make-Whole Premium
2011 Series M1 - CIBS	**20,551**	20,625	2.00-4.80	100
2011 Series M1 - CABS	**5,920**	5,694	3.50-4.80	Accreted Value
2011 Taxable Series A (LIBOR Index Bonds)	**316,632**	336,632	1 Month LIBOR plus 0.50-0.70	100
2011 Refunding Series B	**288,515**	288,515	4.00-5.00	Non-callable
2011 Refunding Series C	**135,855**	135,855	4.375-5.00	100
2011 Series M2 - CIBS	**17,110**	17,205	1.40-4.20	100
2011 Series M2 - CABS	**4,813**	4,696	2.70-4.20	Accreted Value
2012 Refunding Series A	**98,610**	0	3.00-5.00	100
2012 Refunding Series B	**32,325**	0	5.00	Non-callable
2012 Refunding Series C	**119,145**	0	5.00	Non-callable
2012 Tax-exempt Series D	**312,160**	0	3.00-5.00	100
2012 Taxable Series E	**262,830**	0	3.572-4.551	P&I Plus Make-Whole Premium
2012 Series M1 - CIBS	**17,572**	0	1.40-4.00	100
2012 Series M1 - CABS	**3,648**	0	2.55-4.00	Accreted Value
2012 Series M2 - CIBS	**14,683**	0	1.10-3.70	100
2012 Series M2 - CABS	**3,522**	0	2.25-3.70	Accreted Value
Total Revenue Obligations	**5,556,566**	5,158,481		
Less: Current Portion - Long-term Debt	**334,842**	158,024		
Total Long-term Debt - (Net of current portion)	**$ 5,222,951**	$ 5,002,926		

(1) Interest Rates apply only to bonds outstanding as of December 31, 2012.
(2) Call Price may only apply to certain maturities outstanding at December 31, 2012.
(3) These bonds were issued as "Build America Bonds" under the American Recovery and Reinvestment Act of 2009 and are eligible to receive an interest subsidy payment from the United States Department of Treasury in an amount equal to 35% of interest payable on the bonds.

Long-term debt (LTD) activity for the years ended December 31, 2012 and 2011 was as follows:

	Gross LTD Beginning Balances	Increases	Decreases	Gross LTD Ending Balances	Current Portion LTD	Net LTD Ending Balances
YEAR 2012						
(Thousands)						
Capitalized Lease Obligations	**$ 2,469**	**$ 0**	**$ (1,242)**	**$ 1,227**	**$ 982**	**$ 245**
Revenue Obligations	**5,158,481**	**867,277**	**(469,192)**	**5,556,566**	**333,860**	**5,222,706**
Totals	**$ 5,160,950**	**$ 867,277**	**$ (470,434)**	**$ 5,557,793**	**$ 334,842**	**$ 5,222,951**
YEAR 2011						
(Thousands)						
Capitalized Lease Obligations	$ 3,914	$ 0	$ (1,445)	$ 2,469	$ 1,243	$ 1,226
Revenue Obligations	5,150,706	810,745	(802,970)	5,158,481	156,781	5,001,700
Totals	$ 5,154,620	$ 810,745	$ (804,415)	$ 5,160,950	$ 158,024	$ 5,002,926

Maturities and projected interest payments of long-term debt are as follows:

	PRINCIPAL			INTEREST			
Years Ending December 31,	**Capitalized Lease Obligations**	**Revenue Obligations**	**Total Principal**	**Capitalized Lease Obligations**	**Revenue Obligations** (2)	**Total Interest** (2)	**TOTAL**
	(Thousands)						
2013 (1)	$ 982	$ 323,766	$ 324,748	$ 41	$ 266,777	$ 266,818	$ 591,566
2014 (1)	245	580,062	580,307	7	246,852	246,859	827,166
2015	0	223,007	223,007	0	227,656	227,656	450,663
2016	0	253,651	253,651	0	218,484	218,484	472,135
2017	0	294,835	294,835	0	205,158	205,158	499,993
2018-2022	0	1,046,387	1,046,387	0	866,794	866,794	1,913,181
2023-2027	0	728,720	728,720	0	654,779	654,779	1,383,499
2028-2032	0	771,243	771,243	0	471,017	471,017	1,242,260
2033-2037	0	562,650	562,650	0	295,361	295,361	858,011
2038-2042	0	350,325	350,325	0	174,437	174,437	524,762
2043-2047	0	241,920	241,920	0	101,842	101,842	343,762
2048-2050	0	180,000	180,000	0	17,426	17,426	197,426
Total	$ 1,227	$ 5,556,566	$ 5,557,793	$ 48	$ 3,746,583	$ 3,746,631	$ 9,304,424

(1) Years 2013 - 2014 include projected interest for 2011 Taxable Series A (LIBOR Index Bonds).
(2) Does not reflect impact of subsidy interest payments on 2010 Series C (Build America Bonds).

Refunded and defeased bonds outstanding, original loss on refunding and the unamortized loss at December 31, 2012 are as follows:						
Refunding Issue		**Refunded Bonds**	**Refunded and Defeased Bonds Outstanding**		**Original Loss**	**Unamortized Loss**
			(Thousands)			
Cash Defeasance	$ 20,000	1982 Series A	$ 0		$ 2,763	$ 700
Commercial Paper	$ 76,050	1973 Series				
	105,605	1977 Series				
	81,420	1978 Series	0		2,099	129
2003 Refunding Series A	$ 336,385	1993 Refunding Series C				
	15,750	1995 Refunding Series A	0		57,064	22,672
2005 Refunding Series A	$ 74,970	1995 Refunding Series A				
	37,740	1995 Refunding Series B				
	20,080	1996 Refunding Series A	0		23,864	10,361
2005 Refunding Series B	$ 2,590	1995 Refunding Series A				
	100,320	1995 Refunding Series B				
	192,305	1996 Refunding Series A				
	21,505	1996 Refunding Series B	0		73,749	34,554
2005 Refunding Series C	$ 86,335	1993 Refunding Series C	0		12,125	7,076
2006 Refunding Series C	$ 105,005	1999 Series A				
	10,000	2002 Series B	0		7,054	622
2007 Refunding Series B	$ 105,370	1997 Refunding Series A	0		8,832	3,323
2009 Refunding Series A	$ 99,515	1997 Refunding Series A				
	20,125	1998 Refunding Series B	0		8,707	6,668
2010 Refunding Series B	$ 30,430	2001 Series A				
	118,600	2002 Series B				
	84,780	2002 Refunding Series D	84,780		22,954	16,665
2011 Taxable Series A-LIBOR Index	$ 234,861	2010 Taxable Series A-LIBOR Index	0		107	52
2011 Refunding Series B	$ 8,990	2002 Refunding Series D				
	291,825	2004 Series A	300,815		23,287	19,208
2011 Refunding Series C	$ 134,715	2002 Series B				
	5,160	2007 Series A	0		4,362	4,137
2012 Refunding Series A	$ 73,535	2003 Refunding Series A				
	34,160	2004 Series A	107,695		12,206	11,189
Feb 2012 Defeasance	$ 5,615	2003 Refunding Series A	5,615		749	716
Total			$ 498,905		$ 259,922	$ 138,072

The fair value of the Authority's debt is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the Authority for debt with the same remaining maturities. Based on the borrowing rates currently available to the Authority for debt with similar terms and average maturities, the fair value of debt was $6.6 billion and $5.7 billion at December 31, 2012 and 2011, respectively.

Bond market transactions for the year ended December 31, 2012 were as follows:

Revenue Obligations, 2012 Refunding Series A	**Par Amount:**	**$99,405,000**	**Date Authorized:**	**Jan 20, 2012**
Summary: - Reduced the Authority's total debt service over the life of the bond by approximately $17.3 million				
- Resulted in an economic gain of approximately $13.7 million				
- Issued Feb 9, 2012 at an aggregate all-in true interest cost of 2.59 percent				
- Maturities between Dec 1, 2012 and Dec 1, 2030				
Revenue Obligations, 2012 Refunding Series B	**Par Amount:**	**$32,325,000**	**Date Authorized:**	**Jan 20, 2012**
Summary: - Reduced the Authority's total debt service over the life of its bonds by approximately $8.0 million				
- Resulted in an economic gain of approximately $6.0 million				
- Issued Apr 5, 2012 at an aggregate all-in true interest cost of 2.59 percent				
- Maturities between Dec 1, 2013 and Dec 1, 2020				
Revenue Obligations, 2012 Refunding Series C	**Par Amount:**	**$119,145,000**	**Date Authorized:**	**Jan 20, 2012**
Summary: - Reduced the Authority's total debt service over the life of its bonds by approximately $20.0 million				
- Resulted in an economic gain of approximately $15.2 million				
- Issued Oct 9, 2012 at an aggregate all-in true interest cost of 2.59 percent				
- Maturities between Dec 1, 2013 and Dec 1, 2020				
Revenue Obligations, 2012 Tax-exempt Series D & Taxable Series E	**Par Amount:**	**$574,990,000**	**Date Authorized:**	**Apr 5, 2012**
Summary: - Issued on Apr 26, 2012 at an all-in true interest cost of 4.29 percent				
- Maturities between Dec 1, 2013 and Dec 1, 2043				
Revenue Obligations, 2012 Series M1	**Par Amount:**	**$21,137,800**	**Date Authorized:**	**May 1, 2012**
Summary: - Issued Current Interest Bearing Bonds in $500 denominations and Capital Appreciation Bonds in $200 denominations				
- Issued directly by the Authority to residents of the State, customers of the Authority, members of electric cooperatives				
organized under the laws of the State and electric customers of the City of Bamberg and City of Georgetown				
- Interest rates range from 1.40 percent in 2017 and 4.00 percent in 2031				
Revenue Obligations, 2012 Series M2	**Par Amount:**	**$18,187,900**	**Date Authorized:**	**Nov 1, 2012**
Summary: - Issued Current Interest Bearing Bonds in $500 denominations and Capital Appreciation Bonds in $200 denominations				
- Issued directly by the Authority to residents of the State, customers of the Authority, members of electric cooperatives				
organized under the laws of the State and electric customers of the City of Bamberg and City of Georgetown				
- Interest rates range from 1.10 percent in 2017 and 3.70 percent in 2031				

As of December 31, 2012 and 2011, the Authority was in compliance with all debt covenants. The Authority's bond indentures provide for certain restrictions, the most significant of which are:

(1) the Authority covenants to establish rates sufficient to pay all debt service, required lease payments, capital improvement fund requirements and all costs of operation and maintenance of the Authority's electric and water systems and all necessary repairs, replacements and renewals thereof; and
(2) the Authority is restricted from issuing additional parity bonds unless certain conditions are met.

All Authority debt (Electric and Water Systems) issued pursuant to the Revenue Obligation Resolution is payable solely from and secured by a lien upon and pledge of the applicable Electric and Water Revenues of the Authority. Revenue Obligations are senior to:

(1) payment of expenses for operating and maintaining the System;
(2) payments for debt service on capitalized leases;
(3) payments for debt service on commercial paper; and
(4) payments made into the Capital Improvement Fund.

Bonds Outstanding Summary As of December 31, 2012	
Outstanding Revenue Obligations	$5.6 Billion
Estimated remaining interest payments	$3.7 Billion
Years of issuance (inclusive)	Between 1999 and 2012
Year for maturities (inclusive)	Between 2013 and 2050
Note: Proceeds from these bonds were/will be used to fund a portion of the Authority's ongoing capital program or retire or refund certain outstanding debt of the Authority.	

NOTE 6 – VARIABLE RATE DEBT:

The Board has authorized the issuance of variable rate debt not to exceed 20 percent of the aggregate Authority debt outstanding (including commercial paper) as of the last day of the most recent fiscal year for which audited financial statements of the Authority are available. The lien and pledge of Revenues securing variable rate debt issued as Revenue Obligations is senior to that securing commercial paper.

Commercial paper is issued for valid corporate purposes with a term not to exceed 270 days. The information related to commercial paper was as follows:

Years Ended December 31,	**2012**	2011
Commercial paper outstanding (000's)	**$ 329,283**	$ 306,566
Effective interest rate (at December 31)	**0.20%**	0.19%
Average annual amount outstanding (000's)	**$ 318,270**	$ 250,982
Average maturity	**50 Days**	62 Days
Average annual effective interest rate	**0.19%**	0.24%

At December 31, 2012, the Authority had Revolving Credit Agreements with Barclays Bank PLC, J.P. Morgan Chase Bank, N.A., TD Bank, N.A., U.S. Bank, N.A. and Wells Fargo Bank, N.A. totaling $700.0 million. At December 31, 2011, the Authority had Revolving Credit Agreements with Wells Fargo Bank, N.A., J.P. Morgan Chase Bank, N.A and U.S. Bank, N.A. totaling $500.0 million. These agreements are used to support the Authority's issuance of commercial paper. There were no borrowings under the agreements during 2012 or 2011.

NOTE 7 - SUMMER NUCLEAR STATION:

Unit 1 - The Authority and South Carolina Electric and Gas (SCE&G) are parties to a joint ownership agreement providing that the Authority and SCE&G shall own Unit 1 at the V.C. Summer Nuclear Station with undivided interests of 33 1/3 percent and 66 2/3 percent, respectively. SCE&G is solely responsible for the design, construction, budgeting, management, operation, maintenance and decommissioning of Unit 1 and the Authority is obligated to pay its ownership share of all costs relating thereto. The Authority receives 33 1/3 percent of the net electricity generated. In 2004, the NRC granted a twenty-year extension to the operating license for Unit 1, extending it to August 6, 2042.

Authority's Share of V. C. Summer Station - Unit 1		
Years Ended December 31,	**2012**	2011
	(Millions)	
Plant balances before depreciation	**$ 514.1**	$ 506.7
Accumulated depreciation	**319.2**	314.7
Operation & maintenance expense	**81.6**	76.1

Nuclear fuel costs are being amortized based on energy expended using the unit-of-production method. Costs include a component for estimated disposal expense of spent nuclear fuel. This amortization is included in fuel expense and recovered through the Authority's rates.

In 2002, SCE&G commenced a re-racking project of the on-site spent fuel pool. The new pool storage capability will permit full core off-load through 2017. SCE&G has signed contracts with HOLTEC International, SHAW Group and Westinghouse Electric Company, Inc. (Westinghouse) to build a licensed Independent Spent Fuel Storage Installation (ISFSI) to commence receiving fuel in 2015.

The Nuclear Regulatory Commission (NRC) requires a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable NRC regulations, the Authority established an external trust fund and began making deposits into this fund in September 1990. In addition to providing for the minimum requirements imposed by the NRC, the Authority makes deposits into an internal fund in the amount necessary to fund the difference between a site-specific decommissioning study completed in 2012 and the NRC's imposed minimum requirement. Based on these estimates, the Authority's one-third share of the estimated decommissioning costs of Unit 1 equals approximately $315.1 million in 2012 dollars. As deposits are made, the Authority debits FERC account 532 - Maintenance of Nuclear Plant, an amount equal to the deposits made to the internal and external trust funds. These costs are recovered through the Authority's rates.

Based on current decommissioning cost estimates, these funds, which totaled approximately $195.4 million (adjusted to market) at December 31, 2012, along with future deposits into both the external and internal decommissioning accounts and investment earnings, are estimated to provide sufficient funds for the Authority's one-third share of the total decommissioning costs.

Units 2 and 3 - The Authority and SCE&G plan to construct and operate two additional nuclear generating units (Summer Units 2 and 3) at V.C. Summer Nuclear Station and submitted an application to the NRC in March 2008 for a combined Construction and Operating License (COL) for each of the two new units. On May 22, 2008, the Authority's Board authorized the Authority to execute a Limited Agency Agreement appointing SCE&G to act as the Authority's agent in connection with the performance of an Engineering, Procurement and Construction (EPC) Agreement. On May 23, 2008, SCE&G, acting for itself and as agent for the Authority, entered into an EPC Agreement with Westinghouse and Stone & Webster, Inc., (a subsidiary of The Shaw Group, Inc.), for the engineering, procurement and construction of two 1,100 MW nuclear generating units.

On October 20, 2011, the Authority and SCE&G entered into a Design and Construction Agreement. Among other things, the Design and Construction Agreement allows either or both parties to withdraw from the project under certain circumstances. Also on October 20, 2011, the Authority and SCE&G entered into an Operating and Decommissioning Agreement with respect to the two units. Both the Design and Construction Agreement and the Operating and Decommissioning Agreement define the conditions under which the Authority or SCE&G may convey an undivided ownership interest in the new units to a third party. Together the Design and Construction Agreement and the Operating and Decommissioning Agreement provide for a 45 percent ownership interest by the Authority in each of the two new units and replace the Amended and Restated Bridge Agreement which had governed the relationship between the Authority and SCE&G.

The Authority received the COLs on March 30, 2012 and anticipates that V.C. Summer Units 2 and 3 will go into service in 2017 and 2018, respectively. On April 5, 2012, the Authority's Board authorized the Authority to expend up to $4.9 billion to fund the Authority's share of the EPC Agreement and associated Owner's Costs to complete the project.

As part of its capital improvement program, the Authority has evaluated its level of participation in the new units. Due to developments since initiation of the project, the Authority is taking actions necessary to reduce its 45 percent ownership interest. In 2011, the Authority began deferring a portion of interest expense representing the amount related to the assumed ownership reduction.

NOTE 8 – LEASES:

The Authority has remaining capital lease contracts with Central Electric Power Cooperative, Inc. (Central), covering transmission and various other facilities. The remaining lease terms range from one to two years. Quarterly lease payments are based on a sum equal to the interest on and principal of Central's indebtedness to the Rural Utilities Service for funds borrowed to construct the above mentioned facilities. The Authority has options to purchase the leased properties at any time during the period of the lease agreements for an amount equal to Central's indebtedness remaining outstanding on the properties at the time the options are exercised or to return the properties at the termination of the lease. The Authority plans to exercise each and every option to acquire ownership of such facilities prior to expiration of the leases.

Future minimum lease payments on Central leases at December 31, 2012 are as follows:

Year Ending December 31,	(Thousands)
2013	$ 1,023
2014	252
Total minimum lease payments	1,275
Less amounts representing interest	48
Principal payments	$ 1,227

Information related to property under capital leases and operating lease payments follows:

Years Ended December 31,	**2012**	2011
	(Millions)	
Property under capital leases:		
Property balances	**$ 20.3**	$ 20.5
Accumulated depreciation	**18.0**	17.7
Operating lease payments (1)	**3.0**	4.5
(1) Includes periodic leased coal car expenses which are initially reflected in fuel inventory and subsequently reported in fuel expense based on tons burned.		
Expiration term of current coal car leases: (2)	March 2014	
(2)The maximum amount due for coal car leases for 2013 and 2014 are $445,200 and $79,078, respectively.		
Hydro electric generating facility lease:		
- Automatically extended for five-year periods		
- May be terminated by either party by giving a two-year notice		
- Obligation is $600,000 per year plus operating expenses		

NOTE 9 – CONTRACTS WITH ELECTRIC POWER COOPERATIVES:

Central is a generation and transmission cooperative that provides wholesale electric service to each of the 20 distribution cooperatives which are members of Central. Power supply and transmission services are provided to Central in accordance with a power system coordination and integration agreement (the Coordination Agreement). Under this agreement, the Authority is the sole supplier of energy needs for Central, excluding energy Central receives from the Southeastern Power Administration (SEPA), minimal amounts provided by Broad River Electric Cooperative's ownership interest in a small run of the river hydroelectric plant and negligible amounts purchased from others.

Central, under the terms of the Coordination Agreement, has the right to audit costs billed to them through the Coordination Agreement. Any differences found as a result of this process are accrued if they are probable and estimable. To the extent that differences arise, prospective adjustments are made to the cost of service and are reflected in operating revenues in the accompanying Combined Statements of Revenues, Expenses and Changes in Net Position. Such adjustments in 2012 and 2011 were not material to the Authority's overall operating revenue.

In September 2009, the Authority and Central entered into an agreement which, among other things, would permit Central to purchase the electric power and energy requirements necessary to serve five of its member cooperatives located in the upper part of the State that were formerly members of Saluda: Blue Ridge Electric Cooperative, Inc., Broad River Electric Cooperative, Inc., Laurens Electric Cooperative, Inc., Little River Electric Cooperative, Inc. and York Electric Cooperative, Inc. (the Upstate Load) from a supplier other than the Authority.

Central has obtained all of the necessary regulatory approvals to transition the Upstate Load to a new supplier. The Upstate Load will transition to the new supplier over a seven-year period beginning in 2013, and by 2019 will amount to approximately 1,000 MW.

The 2009 agreement provides that neither party will exercise any right to terminate the Coordination Agreement effective on or before December 31, 2030. The parties agree to negotiate in good faith terms and conditions by which the rights of the Authority and Central to terminate the Coordination Agreement will be deferred beyond 2030.

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

Budget – The Authority's three-year capital budget is as follows:

Years Ending December 31,	**2013**	**2014**	**2015**
		(Millions)	
V.C. Summer Units 2 and 3 (1)	**$ 683.7**	$ 685.3	$ 414.1
Environmental Compliance	**36.5**	56.1	72.8
General Improvements	**213.5**	207.1	245.9
Total Capital Budget (2)	**$ 933.7**	$ 948.5	$ 732.8

(1) Construction cash flows reflect 45 percent ownership through September 2014 and are subsequently reduced in accordance with the closing dates of the sale. Total estimated project cost including transmission is $2,433.6 million at a reduced ownership interest of 20 percent. At 45 percent, the total estimated project cost is $5,148.9 million.
(2) Will be financed by internally generated funds, taxable and tax-exempt debt.

Purchase Commitments - The Authority has contracted for long-term coal purchases under contracts with estimated outstanding minimum obligations after December 31, 2012. The disclosure of minimum obligations (including market re-opener contracts) shown below is based on the Authority's contract rates and represents management's best estimate of future expenditures under long-term arrangements.

Years Ending December 31,	With Re-openers (All Tons) (1)	Without Re-openers (Fixed Tons) (2)
	(Thousands)	
2013	$ 277,937	$ 277,937
2014	291,987	236,547
2015	248,061	189,691
2016	297,317	235,059
2017	101,820	101,820
2018 - 2019	185,315	185,315
Total	$ 1,402,437	$ 1,226,369

(1) Includes tons which the Authority can elect not to receive.
(2) Includes tons which the Authority must receive.

The Authority has the following outstanding obligations under existing long-term purchased power contracts as of December 31, 2012:

Contracts with Minimum Fixed Payment Obligations

Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	1985	22 Years	$ 57.2
1	2011	2 Years	19.6
1	2012	3 Years	69.7

Contracts with Power Receipt and Payment Obligations (1)

Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	2010	13 Years	$ 252.3
1	2013	20 Years	19.4
1	2013	20 Years	19.1
1	2013	20 Years	271.2
2	2013	30 Years	675.4
1	2013	28 Years	452.8

(1) Payment required upon receipt of power. Assumes no change in indices or escalation.

The Authority entered into agreements effective October 1, 2008 whereby New Horizon Electric Cooperative, Inc. assigned its interests, rights and obligations in contracts with Duke Energy Corporation and SCE&G for network integration transmission service to the Authority. The agreements are for network transmission service for the Upstate Load as defined in NOTE 9 – CONTRACTS WITH ELECTRIC POWER COOPERATIVES. A payment schedule for these agreements shows that $11.1 million will be due in 2013, with remaining annual payments totaling $60.1 million through the end of the contract term in 2023. However, a majority of the Upstate Load will transition to a new supplier as stated in the last paragraph of NOTE 9 and the Authority's obligation for transmission service for this load will decrease in approximately the same proportion. At the end of the transition period, the Authority shall no longer be responsible for purchasing transmission service for the load served by the new supplier.

CSX Transportation, Inc. (CSX) provides substantially all rail transportation service for the Authority's coal-fired generating units. The Authority also interchanges with some short line railroads via CSX for the movement of coal. The CSX contract, effective beginning January 1, 2011, will continue to apply a price per ton of coal moved, along with a mileage based fuel surcharge and minimum tonnage obligation.

The Authority has commitments for nuclear fuel, nuclear fuel conversion, enrichment and fabrication contracts for V.C. Summer Units 1, 2 and 3. As of December 31, 2012, these contracts total approximately $529.7 million over the next 22 years. The enrichment component of these commitments in 2013 totaling $9.1 million is contingent upon the operating requirements of the nuclear units.

In 2009, the Authority amended the Rainey Generating Station Long-Term Parts and Long-Term Service Contract with General Electric International, Inc. (GEII). In lieu of exercising its option to terminate the Contract for convenience and to pursue non-OEM parts and services, the Authority negotiated an amendment with reduced pricing for maintenance and fixed escalation. The contract provides a contract performance manager (CPM), initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators and combustion tuning for the gas turbines.

The amended contract value is approximately $71.5 million, including escalation. The contract term extends through the second major inspection for Rainey 1 (expected to be completed in 2018) and through the second hot gas path inspection for Rainey 2A (completed in 2012) and for Rainey 2B (expected to be completed in 2013). The Authority is currently exploring options for Rainey 2A & 2B, including a potential extension of the GEII contract for these units. The contract can be terminated for convenience at the end of 2015. The Authority's Board has approved recovery of contract expenditures on a straight-line basis over the term of the contract.

Effective November 1, 2000, the Authority contracted with Transcontinental Gas Pipeline Corporation (TRANSCO) to supply gas transportation needs for its Rainey Generating Station. This is a firm transportation contract covering a maximum of 80,000 decatherms per day for 15 years.

Risk Management - The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. The Authority purchases commercial insurance to cover these risks, subject to coverage limits and various exclusions. Settled claims resulting from these risks did not exceed commercial insurance coverage in 2012. Policies are subject to deductibles ranging from $500 to $2.0 million, with the exception of named storm losses which carry deductibles from $2.0 million up to $5.0 million. Also a $1.4 million general liability self-insured layer exists between the Authority's primary and excess liability policies. During 2012, there were minimal payments made for general liability claims.

The Authority is self-insured for auto, dental, worker's compensation and environmental incidents that do not arise out of an insured event. The Authority purchases commercial insurance, subject to coverage limits and various exclusions, to cover automotive exposure in excess of $2.0 million per incident. Risk exposure for the dental plan is limited by plan provisions. Estimated exposure for worker's compensation is based on an annual actuarial study using loss and exposure information valued as of June 30, 2012. There have been no third-party claims for environmental damages for 2012 or 2011.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The amount of the self-insurance liabilities for auto, dental, worker's compensation and environmental remediation is based on the best estimate available. Changes in the reported liability were as follows:

Years Ended December 31,	2012	2011
	(Thousands)	
Unpaid claims and claim expense at beginning of year	$ 1,612	$ 2,263
Incurred claims and claim adjustment expenses:		
Add: Provision for current year events	2,392	1,985
Less: Payments for current and prior years	2,226	2,636
Total unpaid claims and claim expenses at end of year	$ 1,778	$ 1,612

The Authority pays insurance premiums to certain other State agencies to cover risks that may occur in normal operations. The insurers promise to pay to, or on behalf of, the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. Several State funds accumulate assets, and the State itself assumes all risks for the following:

(1) claims of covered employees for health benefits (Employee Insurance Program); not applicable for worker's compensation injuries; and
(2) claims of covered employees for basic long-term disability and group life insurance benefits (Employee Insurance Program and Retirement System).

Employees elect health coverage through the State's self-insured plans. All other coverage listed above is through the applicable State self-insured plan except that additional group life and long-term disability premiums are remitted to commercial carriers. The Authority assumes the risk for claims of employees for unemployment compensation benefits and pays claims through the State's self-insured plan.

Nuclear Insurance - The maximum liability for public claims arising from any nuclear incident has been established at $12.6 billion by the Price-Anderson Indemnification Act. This $12.6 billion would be covered by nuclear liability insurance of $375.0 million per reactor unit, with potential retrospective assessments of up to $117.5 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed $17.5 million per incident, per year). Based on its one-third interest in V.C. Summer Nuclear Unit 1, the Authority could be responsible for the maximum assessment of $39.2 million, not to exceed approximately $5.8 million per incident, per year. This amount is subject to further increases to reflect the effect of (i) inflation, (ii) the licensing for operation of additional nuclear reactors and (iii) any increase in the amount of commercial liability insurance required to be maintained by the NRC.

Additionally, SCE&G and the Authority maintain, with Nuclear Electric Insurance Limited (NEIL), $500.0 million primary and $2.3 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. SCE&G and the Authority also maintain accidental outage insurance to cover replacement power costs (within policy limits) associated with an insured property loss. In addition to the premiums paid on these three policies, SCE&G and the Authority could also be assessed a retrospective premium, not to exceed ten times the annual premium of each policy, in the event of property damage to any nuclear generating facility covered by NEIL. Based on current annual premiums and the Authority's one-third interest, the Authority's maximum retrospective premium would be approximately $3.2 million for the primary policy, $4.0 million for the excess policy and $1.5 million for the accidental outage policy.

SCE&G and the Authority maintain builder's risk insurance and marine cargo insurance for the V.C. Summer Units 2 and 3 construction. The builder's risk policy provides coverage of $2.8 billion accidental nuclear property damage with a sub-limit of $500.0 million for accidental property damage that is caused by or results from any covered peril other than radioactive contamination resulting from nuclear reaction, nuclear radiation or the release of radioactive materials, with deductibles ranging from $250,000 to $5.0 million. This policy also carries a potential retrospective premium of approximately $42.0 million. Based on the Authority's current 45 percent ownership interest, the Authority's maximum retrospective premium would be approximately $18.9 million. The marine cargo/transit policy provides coverage of $300.0 million, with deductibles ranging from $25,000 to $75,000.

The Authority is self-insured for any retrospective premium assessments, claims in excess of stated coverage or cost increases due to the purchase of replacement power associated with an uninsured event. Management does not expect any retrospective assessments, claims in excess of stated coverage or cost increases for any periods through December 31, 2012.

Clean Air Act - The Authority endeavors to ensure that its facilities comply with applicable environmental regulations and standards.

In addition to the existing Clean Air Act (CAA) Federal Acid Rain Program, the EPA has promulgated and is implementing the Clean Air Interstate Rule (CAIR) for SO2 and NOx emissions.

In place of the vacated federal Clean Air Mercury Rule (CAMR), South Carolina utilities and DHEC finalized a Memorandum of Agreement (MOA) in which the Authority committed to install and certify mercury Continuous Emissions Monitoring Systems (CEMS) at a set of agreed-upon coal-fired units and collaborate with the South Carolina utilities and DHEC to provide support for a state-wide assessment evaluating the mercury deposition resulting from coal-fired power plants in South Carolina. In 2009, the mercury CEMS were installed at the specified Authority units and utilities began initial reporting. There are no cap and trade or emissions limitations requirements per the MOA.

The CAIR replacement rule, the Cross State Air Pollution Rule (CSAPR), was finalized by EPA and scheduled to take effect January 1, 2012; however was stayed by the U.S. Court of Appeals for the District of Columbia on December 30, 2011. The D.C. Circuit's orders denied the petitions for rehearing of the court decision to invalidate the CSAPR. Therefore, utilities will continue to operate under the CAIR Rule.

The Authority has been operating under a settlement agreement, called the Consent Decree, which became effective June 24, 2004. The settlement with EPA and DHEC was related to certain environmental issues associated with coal-fired units. It involved the payment of a civil penalty, an agreement to perform certain environmentally beneficial projects and capital costs to achieve emissions reductions over the period ending 2013. Capital costs have been offset by a reduced need to purchase emission credits.

Currently, there are both legislative and regulatory efforts to reduce greenhouse gas emissions. The Authority continues to review proposed greenhouse gas regulations to assess potential impacts to its operations. In 2010, EPA finalized the Prevention of Significant Deterioration (PSD) Tailoring Rule for regulating greenhouse gases through the PSD permitting process under the existing CAA. EPA issued Best Available Control Technology (BACT) Guidance in 2010 for use under the rule effective July 1, 2011. The Authority will continue to monitor both regulatory and legislative efforts to reduce greenhouse gas emissions to assess potential impacts to its operations.

Through the maximum achievable control technology (MACT) regulatory process, the EPA has proposed the Utility MACT regulations to reduce the emissions of mercury and other hazardous air pollutants (HAPs) from coal and oil-fired electric utility steam boilers. As a part of EPA rule development, the Authority participated in the EPA's mandatory Information Collection Request (ICR) for mercury and other HAPs for its coal-fired and oil-fired units. The ICR required facility and fuel information as well as stack testing at Cross, Winyah and Jefferies generating stations.

The proposed MACT rule was released in March 2011 with a public notice comment period. The Authority submitted comments to the proposed rule. The final MACT rule was pre-released by EPA December 16, 2011 as the Mercury and Air Toxics (MATS) rule. It was published in the Federal Register on February 16 and became effective on April 16, 2012.

The MATS rule includes emissions limitations for mercury, acid gases and other hazardous air pollutants from existing and new coal-fired and oil-fired electric utility steam units. This is EPA's first national standard to reduce mercury and other air toxics from coal-fired and oil-fired power plants.

On July 20, 2012, EPA announced it is reconsidering certain technical aspects of the rule for new power plants. Initially, this reconsideration was considered to not cover the standards set for existing power plants; however after further review, changes proposed would impact the Authority's compliance strategy. Therefore, the Authority submitted comments to EPA by the January 7, 2013 deadline. EPA intends to complete the updated rule by March 2013, with compliance required by July 16, 2015 for new units. The compliance deadline for existing units remains April 16, 2015, with the potential for a state-approved one year extension.

Safe Drinking Water Act - The Authority continues to monitor regulatory issues impacting drinking water systems at the Authority's regional water systems, generating stations, substations, and other auxiliary facilities. DHEC has regulatory authority of potable water systems in South Carolina under The State Primary Drinking Water Regulation, R.61-58; the Authority endeavors to manage its potable water systems in compliance with R.61-58.

Clean Water Act - The Clean Water Act (CWA) prohibits the discharge of pollutants, including heat, from point sources into waters of the United States, except as authorized in the National Pollutant Discharge Elimination System (NPDES) permit program. DHEC has been delegated NPDES permitting authority by the EPA and administers the NPDES permit program for the State.

Wastewater discharges from the generating stations and the regional water plants are governed by NPDES permits issued by DHEC. Further, the storm water from the generating stations must be managed in accordance with the State's NPDES Industrial General Permit for storm water discharges. Storm water from construction activities must also be managed under the State's NPDES General Permit for storm water discharges from construction activity. The Authority constantly strives to operate in compliance with these permits.

The CWA, under Section 316(b), also requires that cooling water intake structures reflect the best technology available for minimizing adverse environmental impacts, such as the impingement of fish and shellfish on the intake structures and the entrainment of eggs and larvae through cooling water systems. The EPA has proposed regulations for certain intake structures, including those at many electric generating facilities. Since the regulations have not yet been finalized their full impact is not known at this time. However, if the regulations are promulgated in their present form, significant intake changes may be required, particularly at the older facilities.

The EPA also has regulations under the CWA relating to Spill Prevention Control and Counter-measures (SPCC). These regulations require that applicable facilities, which include generating stations, substations, and auxiliary facilities, maintain SPCC plans to meet certain standards. The Authority continually works to be in compliance with these regulations.

In 2010, the 1976 S.C. Code of laws was amended to require a system and rules for permitting the withdrawal and use of surface water. The DHEC promulgated a regulation to implement the provisions of the amendment effective June 22, 2012. Although existing withdrawers are exempted, the regulations required permit applications for existing withdrawers to be submitted by December 19, 2012. The Authority submitted applications for all its withdrawals prior to the deadline and DHEC must issue a permit decision within 365 days of the determination of an administratively complete application.

Hazardous Substances and Wastes - Section 311 of the CWA imposes substantial penalties for spills of Federal EPA-listed hazardous substances into water and for failure to report such spills. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) provides for the reporting requirements to cover the release of hazardous substances into the environment. Additionally, the EPA regulations under the Toxic Substances Control Act (TSCA) impose stringent requirements for labeling, handling, storing and disposing of polychlorinated biphenyls (PCBs) and associated equipment.

Under the CERCLA and Superfund Amendments and Reauthorization Act (SARA), the Authority could be held responsible for damages and remedial action at hazardous waste disposal facilities utilized by it, if such facilities become part of a Superfund effort. Moreover, under SARA, the Authority must comply with a program of emergency planning and a "Community Right-To-Know" program designed to inform the public about more routine chemical hazards present at the facilities. Both programs have stringent enforcement provisions. The Authority endeavors to comply with the applicable provisions of TSCA, CERCLA and SARA, but it is not possible to determine if some liability may be imposed in the future for past waste disposal or compliance with new regulatory requirements.

In addition to handling hazardous substances, the Authority generates solid waste associated with the combustion of coal, the vast majority of which is fly ash, bottom ash, gypsum and scrubber sludge. These wastes are presently exempt from hazardous wastes regulation under the Resource Conservation and Recovery Act (RCRA). However, EPA has recently proposed regulations that, if enacted, would add significant cost to the handling of these materials and possibly eliminate or greatly reduce their reuse and recycling.

Pollution Remediation Obligations – The Authority follows GASB 49 which addresses standards for pollution (including contamination) remediation obligations for activities such as site assessments and cleanups. GASB 49 does not include standards for pollution remediation obligations that are addressed elsewhere. Examples of obligations addressed in other standards include pollution prevention and control obligations for remediation activities required upon the retirement of an asset, such as ash pond closure and post-closure care and nuclear power plant decommissioning.

The Authority had recorded $15,000 and $180,000 for pollution remediation liabilities for the years ended December 31, 2012 and 2011, respectively. The method used to estimate the liabilities consists of weighting a range of possible estimated job cost amounts and calculating a weighted average cost. The weights and estimated costs are developed using professional engineering judgment acquired through years of estimating and completing many pollution remediation projects.

Homeland Security - The Department of Homeland Security (DHS) was established by the Homeland Security Act of 2002, a portion of which relates to anti-terrorism standards at facilities which store or process chemicals. The Authority has been proactive in conducting security assessments at its facilities and will continue to strive to comply with these evolving regulations.

Legal Matters – The Authority has paid approximately $221.6 million, including interest, in settlement of a lawsuit brought by a number of landowners located along the Santee River primarily in Williamsburg and Georgetown Counties, South Carolina. The plaintiffs claimed damage to their real estate as a result of flooding that has occurred since the Corps of Engineers' (Corps) Cooper River Rediversion Project was completed in 1985. The Authority has also paid an additional $10.4 million in costs and attorney fees to the plaintiffs. The Authority submitted a claim seeking indemnification from the Corps on August 30, 2011. The Corps has filed its response opposing the Authority's claim and the matter is on appeal before the Armed Services Board of Contract Appeals (ASBCA). The ASBCA previously determined that the contract between the Corps and the Authority requires the Corps to indemnify the Authority for certain claims arising out of the construction and operation of the project. No estimate of the amount or timing of recovery from the Corps can be made at this time. (See NOTE 14 – SUBSEQUENT EVENT(S) for update.)

Several environmental advocacy groups filed suit against the Authority in the Court of Common Pleas in Horry County seeking injunctive relief with regard to closure of ash ponds at the Grainger Generating Station. The suit does not seek damages but alleges that an unlawful discharge of arsenic and other contaminants has occurred and requests that the court order the removal and offsite storage of all ash contained in the ponds. The Authority has filed an Answer to the suit and is defending against the allegations. The Authority intends to properly close the ash ponds in accordance with regulatory requirements.

NOTE 11 – RETIREMENT PLAN

Substantially all Authority regular employees must participate in one of the components of the South Carolina Retirement System (SCRS), a cost sharing, multiple-employer public employee retirement system, which was established by Section 9-1-20 of the South Carolina Code of Laws.

The payroll for active employees covered by the SCRS was as follows:

Years Ended December 31,	**2012**	2011	2010
		(Millions)	
Payroll for Active Employees	**$ 125.7**	$ 124.4	$ 121.5

Vested employees who retire at age 65 or with 28 years of service at any age are entitled to a retirement benefit, payable monthly for life. The annual benefit amount is equal to 1.82 percent of their average final compensation times years of service. Benefits fully vest on reaching five years of service. Reduced retirement benefits are payable as early as age 60 with vested service or 55 with 25 years of service. The SCRS also provides death and disability benefits. Benefits are established by State statute.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allowed SCRS employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit or disability retirement benefits. Effective July 1, 2005, TERI employees began "re-contributing" to the SCRS at the prevailing rate. However, no service credit is earned under the new regulations. The group life insurance of one times annual salary was re-established for TERI participants.

Effective July 1, 2012, the TERI program will close for Class Two members (members with effective date prior to July 1, 2012) on June 30, 2018, and it is not available to Class Three members (members with effective date on or after July 1, 2012). TERI will be phased out in a 5-4-3-2-1 format. Members who enter the TERI program after July 1, 2013, will not be eligible to participate for the full five years. TERI participation will end on June 30, 2018, regardless of when a member enters the program.

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement plans be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws (as amended) prescribes requirements relating to membership, benefits and employee/employer contributions.

All employees are required by State statute to contribute to the SCRS at the prevailing rate (currently 7.00 percent). The Authority contributed 9.385 percent of the total payroll for SCRS retirement through June 30, 2012 and then the rate increased to 10.45 percent. For 2012, the Authority also contributed an additional 0.15 percent of total payroll for group life. The contribution requirements for the prior three years were as follows:

Years Ended December 31,	**2012**	2011	2010
	(Millions)		
From the Authority	**$ 12.5**	$ 11.7	$ 11.5
From Employees	**8.5**	8.1	7.9

The Authority made 100 percent of the required contributions for each of the three years.

The SCRS issues a stand-alone financial report that includes all required supplementary information. The report may be obtained by writing to: South Carolina Retirement System, P.O. Box 11960, Columbia, S.C. 29211.

Effective July 1, 2002, new employees have a choice of type of retirement plan in which to enroll. The State Optional Retirement Plan (State ORP) which is a defined contribution plan is an alternative to the SCRS retirement plan which is a defined benefit plan. The contribution amounts are the same, (7.00 percent employee cost and 10.45 percent employer cost); however, 5.0 percent of the employer amount is directed to the vendor chosen by the employee and the remaining 5.45 percent is to the Retirement System. As of December 31, 2012, the Authority had 38 employees participating in the State ORP and consequently the related payments are not material.

The Authority and SCE&G are parties to a joint ownership agreement at the V.C. Summer Nuclear Station. As such, the Authority is responsible for funding its share of pension requirements for the nuclear station personnel in accordance with FASB ASC 715. Any earnings generated from the established pension plan are shared proportionately and used to reduce the allocated funding.

As of December 31, 2012 and 2011, the Authority had over-funded its share of the plan FASB ASC 715 requirements by $3.4 million and $5.6 million, respectively. This receivable however, is offset by a regulatory liability. The balances were approximately $30.2 million and $25.3 million for the unfunded portion of pension benefits at December 31, 2012 and 2011, respectively. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2012.

The Authority also provides retirement benefits to certain employees designated by management and the Board under supplemental executive retirement plans (SERP). Benefits are established and may be amended by management and the Authority's Board and includes retirement benefit payments for a specified number of years and death benefits. The cost of these benefits is actuarially determined annually. Beginning in 2006, these plans were segregated into internal and external funds. The qualified benefits are funded externally with the annual cost set aside in a trust administered by a third party. The pre-2006 retiree benefits and the non-qualified benefits are funded internally with the annual cost set aside and managed by the Authority. A summary of the Authority's SERP activity is as follows:

Years Ended December 31,	**2012**	2011
	(Millions)	
Total cost	**$ 1.2**	$ 1.0
Accrued liability	**5.4**	5.1

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Vacation / Sick Leave - During their first 10 years of service, full-time employees can earn up to 15 days of vacation leave per year. After 11 years of service, employees earn an additional day of vacation leave for each year of service over 11 until they reach the maximum of 25 days per year. Employees earn two hours per pay period, plus twenty additional hours at year-end for sick leave.

Employees may accumulate up to 45 days of vacation leave and 180 days of sick leave. Upon termination, the Authority pays employees for unused vacation leave at the pay rate then in effect. In addition, the Authority pays employees upon retirement 20 percent of their sick leave at the pay rate then in effect.

Plan Description - The Authority participates in an agent multiple-employer defined benefit healthcare plan whereby the South Carolina Employee Insurance Program (EIP) provides certain health, dental and life insurance benefits for eligible retired employees of the Authority. The retirement benefits available are defined by the EIP and substantially all of the Authority's employees may become eligible for these benefits if they retire at any age with a minimum of 10 years of earned service or at age 60 with at least 20 years of service. Currently, approximately 708 retirees meet these requirements.

For employees hired May 2, 2008 or thereafter, the number of years of earned service necessary to qualify for funded retiree insurance is 15 years for a one-half contribution, and 25 years for a full contribution. The EIP may be contacted at: Employee Insurance Program, Financial Services, PO Box 11661, Columbia, S.C. 29211-1661.

Funding Policy - Prior to 2010, the Authority used the unfunded pay-as-you-go option (or cash disbursement) method pursuant to GASB 45 to record the net OPEB obligations. During 2010, the Authority elected to adopt an advanced or pre-funding policy and established an irrevocable trust with Synovus Trust Company. This method of funding will eventually result in lower contributions over time compared to the prior pay-as-you-go funding policy.

Annual OPEB Cost - The Authority's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that is projected (if paid on an on-going basis) to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Authority's contribution towards ARC is equal to the actual disbursements during the year for health care benefits for retired employees plus annual funding amounts for the trust. The Authority's annual OPEB cost (expense) for the current year was as follows:

Year Ended December 31,	**2012**
	(Thousands)
Annual required contribution	$ **10,172**
Interest on OPEB obligation	**652**
Adjustment to ARC	**(563)**
Annual OPEB cost	**10,261**
Net estimated employer contributions	**(12,795)**
Increase (decrease) in net OPEB obligation	$ **(2,534)**
Net OPEB Obligation - beginning of year	$ **11,859**
Net OPEB Obligation - end of year	$ **9,325**

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending December 31, 2012 and the preceding two fiscal years were as follows:

Years Ended December 31,	**Annual OPEB Cost**	**Employer Amount Contributed**	**Net OPEB Obligation**	**Percentage Contributed**
	(Thousands)			(%)
2010	$ 8,858	$ 14,299	$ 14,414	161.4
2011	9,841	12,396	11,859	126.0
2012	10,261	12,795	9,325	124.7

Funded Status and Funding Progress - The funded status of the Authority's retiree health care plan under GASB 45 as of December 31, 2010, the latest actuarial study date, is as follows:

Required Supplementary Information - Schedule of Funding Progress					
Actuarial Value of Assets (a)	**Actuarial Accrued Liability (AAL) (b)**	**Annual Covered Payroll (c)**	**Unfunded AAL (UAAL) (b) - (a)**	**Funded Ratio (a / b)**	**Ratios of UAAL to Annual Covered Payroll (b-a)/(c)**
(Thousands)				(%)	
$ **11,132**	$ **131,076**	$ **119,318**	$ **119,944**	**8.50**	**100.52**
Note: As of December 31, 2012, the OPEB trust had assets of $27.8 million.					

The required schedule of funding progress presented as required supplementary information provided multi-year trend information that shows whether the actuarial value of plan assets is increasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions - The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the Authority's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as amortize a portion of the unfunded accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the Authority's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of health benefits are based on the plan as understood by the Authority and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Authority and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions	
Inflation rate	3.00% per annum
Investment rate of return	5.50% net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30 year, open amortization
Payroll growth	3.00% per annum
Medical trend:	
Initial	7.25%
Ultimate	4.50% after 12 years
Drug trend:	
Initial	7.75%
Ultimate	4.50% after 12 years

V.C. Summer OPEB - The Authority and SCE&G are parties to a joint ownership agreement at the V.C. Summer Nuclear Station. As such the Authority is responsible for funding its share of OPEB costs for the station's employees. The Authority's liability balances as of December 31, 2012 and 2011 were approximately $9.5 million and $9.2 million, respectively.

At December 31, 2012 and 2011, respectively, regulatory asset and liability balances of approximately $5.3 million and $2.3 million were recorded for the unfunded portion of OPEB costs for V.C. Summer employees. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2012.

NOTE 13 - CREDIT RISK AND MAJOR CUSTOMERS:

In 2012, the Authority had one customer that accounted for more than ten percent of the Authority's sales:

Customer:	2012	2011
	(Millions)	
Central (including Saluda)	**$ 1,115**	$ 1,089

The Authority maintains an allowance for uncollectible accounts based upon the expected collectability of all accounts receivable. The allowance as of December 31, 2012 and 2011 was $1.3 million and $1.4 million, respectively.

NOTE 14 – SUBSEQUENT EVENT(S):

We have evaluated subsequent events through February 22, 2013 in conjunction with the preparation of these financial statements which is the date the financial statements were available to be issued. As of this date, the Authority had the following to report:

- On February 14, 2013, The Armed Services Board of Contract Appeals (ASBCA) ruled that the Authority is entitled to indemnification from the U.S. Army Corps of Engineers (COE) in the amount of $234.9 million for costs incurred as a result of the Santee River Litigation. In addition, the ASBCA ruled that the Authority is entitled to interest on the costs pursuant to the Contract Disputes Act, calculated from August 20, 2001, until paid. The Authority does not have any information about whether the COE will seek a reconsideration or appeal of the decision.

- The Authority has received a Notice of Intent to Sue letter dated February 21, 2013 from Winyah Rivers Foundation. The letter alleges violations of the federal Clean Water Act at the Grainger Station and seeks injunctive relief, civil penalties and costs and attorneys' fees. The letter states that if the matter is not resolved within 60 days of the date of the letter, Winyah Rivers Foundation will file suit in Federal Court in South Carolina and seek the relief set forth in the letter.